



June 10, 2014

Mr Steven Spann
President
John A. Gupton College
1616 Church Street
Nashville, TN 37203

UPS: Tracking # **1Z A87 964 01 9337 9242**

RE: **Final Program Review Determination**
OPE ID: 00885900
PRCN: 201240728034

Dear President Spann:

The U.S. Department of Education's (Department's) School Participation Division—Kansas City issued a program review report on April 10, 2013, covering John A. Gupton College's (Gupton) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2011-2012 and 2012-2013 award years. Gupton's final response was received on August 12, 2013. A copy of the program review report (and related attachments) and Gupton's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Gupton upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, (3) notify the institution of its right to appeal, (4) close the review and (5) notify Gupton of a possible adverse action. Due to the serious nature of one or more of the enclosed findings, this FPRD is being referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for its consideration of possible adverse action. Such action may include a fine, or the limitation, suspension or termination of the eligibility of the institution. Such action may also include the revocation of the institution's program participation agreement (if provisional), or, if the institution has an application pending for renewal of its certification, denial of that application. If AAASG initiates any action, a separate notification will be provided which will include information on institutional appeal rights and procedures to file an appeal.

Federal Student Aid

AN OFFICE of the U.S. DEPARTMENT of EDUCATION

School Participation Division—Kansas City

1010 Walnut Street, Suite 336, Kansas City, MO 64106-2147

StudentAid.gov

This FPRD contains one or more findings regarding Gupton's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (*Clery Act*) in *Section 485(f) of the HIEA, 20 U.S.C. § 1092(f)*, and the Department's regulations in *34 C.F.R. §§ 668.41, 668.46, and 668.49*. Since a *Clery Act* finding does not result in a financial liability, such a finding may not be appealed. If an adverse administrative action is initiated, additional information about Gupton's appeal rights will be provided under separate cover.

The total liabilities due from the institution from this program review are \$104,390.50.

This final program review determination contains detailed information about the liability determination for all findings.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. In addition, Appendices B and G also contain PII.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the April 10, 2013, program review report. If Gupton wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date Gupton receives this FPRD. An original and four copies of the information Gupton submits must be attached to the request. The request for an appeal must be sent to:

Ms. Mary E. Gust, Director
Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP3, Room 84F2
Washington, DC 20002-8019

Gupton's appeal request must:

- (1) indicate the findings, issues and facts being disputed;
- (2) state the institution's position, together with pertinent facts and reasons supporting its position;

(3) include all documentation it believes the Department should consider in support of the appeal. An institution may provide detailed liability information from a complete file review to appeal a projected liability amount. Any documents relative to the appeal that include PII data must be redacted except the student's name and last four digits of his / her social security number (please see the attached document, "Protection of Personally Identifiable Information," for instructions on how to mail "hard copy" records containing PII); and

(4) include a copy of the FPRD. The program review control number (PRCN) must also accompany the request for review.

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to Gupton's appeal will be those provided in 34 C.F.R. Part 668, Subpart H. **Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).** rgrtrt

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. §§ 668.24(e)(1), (e)(2), and (e)(3).

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Ms. Kathy Feith at (816) 268-0406. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

(b)(6); (b)(7)(C)

Ralph A. LoBosco
Division Director

Enclosure:

Protection of Personally Identifiable Information
Final Program Review Determination Report (and appendices)
Program Review Report (and appendices)

cc: Ms. Joanna Hayes-Dickens, Director of Financial Aid
Ms. Julie Woodruff, Tennessee Higher Education Commission
Dr. Belle Wheelan, SACS

PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

Personally Identifiable Information (PII) being submitted to the Department must be protected. PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth).

PII being submitted electronically or on media (e.g., CD-ROM, floppy disk, DVD) must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

Hard copy files and media containing PII must be:

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender).

PII data cannot be sent via fax.

Prepared for

John A. Gupton College

Federal Student Aid
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OPE ID 00885900
PRCN 201240728034

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division – Kansas City

Final Program Review Determination

June 10, 2014

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A. Institutional Information

John A. Gupton College
1616 Church Street
Nashville, TN 37203

Type: Private, nonprofit

Highest Level of Offering: Associate's Degree

Accrediting Agency: Southern Association of Colleges and Schools (SACS)

Current Student Enrollment: 150 (2012-2013)

% of Students Receiving Title IV: 77% (2012-2013)

Title IV Participation (G5)

2010-2011

Federal Pell Grant Program	\$ 338,408.00
Federal Supplemental Opportunity Education Grant (FSEOG)	\$ 8,796.00
FFELP Subsidized Stafford Loan	\$ 42,484.00
FFELP Unsubsidized Stafford Loan	\$ 54,762.00
FFELP PLUS Loan	\$ 2,050.00
Direct Subsidized Stafford Loan	\$ 276,887.00
Direct Unsubsidized Stafford Loan	\$ 346,174.00
Direct PLUS Loan	\$ 54,500.00

Default Rate DL:	2011	6.6%
	2010	8.5%
	2009	7.9%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at John A. Gupton College (Gupton) from August 27, 2012 to August 30, 2012. The review was conducted by Ms. Kathy Feith and Mr. Roy Chaney.

The focus of the review was to determine Gupton's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of Gupton's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2011-2012 and 2012-2013 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. In addition, 2 files were judgmentally selected to review Gupton's campus-based program awarding and disbursing practices and 2 files were judgmentally selected to review Gupton's compliance with the Department's Satisfactory Academic Progress standards. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review. A program review report was issued on April 10, 2013.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Gupton's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Gupton of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

C. Findings and Final Determinations

Resolved Findings

Findings 2, 3, 5, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20 and 21

Gupton has taken the corrective actions necessary to resolve Findings 2, 3, 5, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, and 21 of the program review report. Therefore, these findings may be considered closed. Appendix D containing Gupton's written response related to the resolved findings is attached. Findings requiring further action by Gupton are discussed below.

Resolved Findings with Comments

The following program review findings have been resolved by the institution, and may be considered closed. These findings are included solely for the purpose of discussing resolution of the finding.

Finding 8. Federal Supplemental Educational Opportunity Grant (FSEOG) Awarding Policy Inadequate

***Citation Summary:** In selecting among eligible students for FSEOG awards in each award year, an institution shall select those students with the lowest expected family contributions who will also receive Federal Pell Grants in that year. If the institution has FSEOG funds remaining after giving FSEOG awards to all the Federal Pell Grant recipients at the institution, the institution shall award the remaining FSEOG funds to those eligible students with the lowest expected family contributions who will not receive Federal Pell Grants. If an institution's allocation of FSEOG funds is directly or indirectly based in part on the financial need demonstrated by students attending the institution as less-than-full-time or independent students, a reasonable portion of the allocation must be offered to those students. 34 C.F.R. § 676.10 (a)(1)(2)(b)*

(a) An institution may award an FSEOG for an academic year in an amount it determines a student needs to continue his or her studies. However, except as provided in paragraph (c) of this section, an FSEOG may not be awarded for a full academic year that is less than \$100 or more than \$4,000. 34 C.F.R. §676.20 (a)(c)(1)-(3). Additionally, an institution shall pay in each payment period a portion of an FSEOG awarded for a full academic year. 34 C.F.R. §676.16 (a)(1)

***Noncompliance Summary:** Gupton's packaging policy indicates FSEOG funds are available to Federal Pell Grant recipients and references those with greatest need; however, there is no discussion of award amounts. In reviewing the files, it appears*

Gupton awards amounts ranging from \$100.00 per year to an undetermined maximum institution award, depending on extreme demonstrated need. However, the criteria of what substantiates extreme need is not discussed or explained. For example, Student #32 was awarded \$2,230.00 in FSEOG funds with no documentation in the file explaining why this student's award was significantly more than awards in previous files examined by program reviewers. The financial aid director indicated the school was aware this student had need and had previously been homeless; however, there is no documentation in the file to support the award which varies from the standard package of \$175.00 per year which can be observed in other student financial aid files. In several instances, including 20 students who received FSEOG for the previous award year, Gupton gave FSEOG to students with Expected Family Contributions (EFC) above 0, including Student #12, when there were 20 students with zero EFCs who did not receive FSEOG. Although there is no prohibition to awarding FSEOG to students with EFCs higher than zero, Department regulation indicates students with the most need should be the priority recipients of FSEOG funds with secondary awarding done after those with the highest need are exhausted.

Additionally, a review of Title IV, IIEA recipients at Gupton indicates in many instances students were only receiving one disbursement of FSEOG for the complete academic year, including Student #9, #11, #13 and #14. A review of the FISAP data submitted to the Department shows five of the 59 students awarded FSEOG funds received less than the allowed minimum award required in the Federal regulation, including Student #31 who received \$37.00.

Required Action Summary: *In response to this report, Gupton was required to provide an explanation regarding the students referenced above as well as provide revised policies and procedures which ensure that students will be properly and consistently awarded FSEOG funds based on Department guidelines.*

Gupton's Response: Gupton reviewed the students referenced in the program review report to determine the specific circumstances which led to the awards which were not in compliance with institutional policies. In the case of Student #'s 9, 11, 13, 14, and 31, Gupton personnel determined these students were subject to previously implemented policies in which FSEOG was awarded on a semester-by-semester basis. For these students who ultimately either left the institution prior to obtaining more funds or were not packaged for subsequent semesters, this led to the improper awards which were less than Departmental minimum standards, such as in the case of Student #31. In the case of Students #12 and #32 were packaged with additional funds and outside the normal packaging philosophy due to a determination of Financial Aid personnel that these students had exceptional need.

Gupton staff indicated they examined the packaging practices in relation to FSEOG as well as the guidelines established by the Department in relation to the awarding and disbursement of FSEOG and have determined the institution no longer wishes to

participate in the program as of June 2013. The Financial Aid director as well as the President of the institution contacted program reviewers to determine how to proceed in opting out of participating in the Campus Based funding programs and received information and have proceeded in this direction.

Final Determination: The Department reviewed Gupton's response to this finding. While on-site, program reviewers were informed by institutional personnel that the institution no longer wanted to participate in the Campus Based Programs and, in anticipation of no longer participating, ceased awarding funds during the summer 2013 semester. The institution advised reviewers all remaining funds were left in G5; thus, Gupton has no unallocated funds in its own accounts to return or which should be considered as excess cash. As Gupton is no longer participating in this program, the Department considers this finding closed.

Gupton is advised to contact The Campus Based Funding Department at (877) 801-7168 to provide official notification to ensure all funds are removed from the G5 account and returned to the Department accordingly.

Finding 22. Failure to Accurately Compile Annual Security Report (ASR) Statistics

Citation Summary: The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Department's regulations require institutions to report statistics for the three most recent calendar years concerning the occurrence on campus, in or on non-campus buildings or property, and on public property of the following that are reported to local police agencies or to a campus security authority the following incidents: (i) Criminal homicide, murder, manslaughter, forcible and non-forcible sex offenses, robbery, aggravated assault, burglary, motor vehicle theft, and arson. In addition, the institution is required to disclose the numbers of arrests and referrals for disciplinary action related to violations of Federal or State drug, liquor, and weapons laws as well as report, by category of prejudice, the following crimes reported to local police agencies or to a campus security authority that manifest evidence that the victim was intentionally selected because of the victim's actual or perceived race, gender, religion, sexual orientation, ethnicity, or disability. 34 C.F.R. §668.46(c)(1)

In addition, an institution must report, by category of prejudice, the following crimes reported to local police agencies or to a campus security authority that manifest evidence that the victim was intentionally selected because of the victim's actual or perceived race, gender, religion, sexual orientation, ethnicity, or disability, any crime it reports pursuant to 34 C.F.R. § 668.46 (c)(1)(i) through (vii). The following categories are to be included under hate crimes; larceny-theft, simple assault, intimidation, destruction/damage/vandalism of property and any other crime involving bodily injury. 34 C.F.R. § 668.46(c)(3)

Noncompliance Summary: *Although Gupton did compile its statistics yearly, there were discrepancies in the information reported to the Department in comparison with the statistics made public to its students and employees. For example, for the 2009 calendar year, Gupton reported no Clery-reportable offenses had occurred to the Department; however, a review of the school's logs and other supplemental information indicates an assault occurred in the campus apartments in August 2009. It should be noted the offense was not documented in either the school's published statistics which are made available to students and staff but was included in the school's back-up documentation.*

Additionally, during the 2010 calendar year, it appears there were some discrepancies between the data Gupton reported to the Department and the reporting information made available to the public. For example, Gupton reported to the Department one robbery and one burglary occurred on campus property during 2010 with one additional burglary occurring in the student housing facilities. However, a review of the school's published statistical data in comparison to the data reported to the Department shows Gupton failed to include the burglary which occurred in student housing. A further look shows Gupton indicates in its report made public that one student was referred for disciplinary action for possessing an illegal weapon; this data was not provided to the Department during the ASR update.

Required Action Summary: *Gupton was required to re-examine and revise its crime statistics. Gupton must provide copies of any revised Clery documentation as part of its response to this finding. After any statistical revisions are performed, Gupton must re-distribute the revised campus security report to all students and employees. Additionally, Gupton must review its policies and procedures for preparing its campus security report to ensure that crime statistics are properly classified and disclosed on all subsequent campus security reports.*

Based on an evaluation of all available information, including Gupton's response, the Department will determine if additional action will be required and will advise Gupton accordingly in the FPRD.

Gupton's Response: In its response, Gupton concurred with part of the finding but challenged the Department's assertion that an assault offense was classified incorrectly. The College provided an explanation of its decision to not classify this incident as an aggravated assault. Gupton claimed the incident was properly categorized as a simple assault based on UCR and NIBRS (TIBRS) definitions. Gupton provided the following narrative as part of its response:

"At 2:00 AM on the morning of Friday, August 7, 2009, (Student A) assaulted (Student B). An officer was summoned to the scene but no warrants were issued. Because (Student A) had not been seen he was told to turn himself into the police. (Student A) came home after drinking and met neighbor (Student B) outside their apartments.

(Student A) assaulted (Student B) striking in the face and threw his flower pot and folding chair into the parking lot. (Student A) also broke (Student B's) glasses.”

Gupton also provided additional information regarding the disciplinary proceeding that was conducted as a result of this incident. “The Academic Committee met on 8-10-09 at 1:20 PM to determine what to do and it was decided that both men should be placed on academic probation and that (Student A) be required to move out of the student housing.”

In addition, Gupton stated that the assault offense would have been deemed Clery-reportable if the incident was determined to be a hate crime; however, “College staff did not make the determination that the incident was a hate crime as both individuals were of the same race and gender and that there was no indication of motivation in whole or part due to a negative bias on the basis of religion, sexual orientation, ethnicity, national origin, or disability. Based on the facts above, Gupton does not believe this event should have been reported; thus, there was no discrepancy in the Clery data reported for the 2009 calendar year.”

Gupton also stated that the calendar year 2010 statistics were reviewed by institutional staff and that the review showed a failure to properly disclose an on-campus burglary that occurred in an on-campus student housing facility. Gupton also attempted to clarify that it had not under-reported its disciplinary referral statistics for weapons offenses.

In addition, Gupton officials claimed that the ASR was revised to better comply with Department guidelines and that previously-erroneous information was removed. The institution also stated that the new 2012 report was “published to Gupton’s website and new copies were printed and made available for distribution” to new students during the fall 2012 semester.”

Finally, Gupton stated that it published its revised crime statistics, including a crime that was previously not included in the data submission to the Department. The response also indicated that data requests were sent to the local law enforcement agency for the first time. The contact with the local authorities led to the identification of an additional Clery-reportable offense that was not included in the institution’s crime statistics in the 2011 and 2010 ASRs because it was incorrectly determined to have occurred at an off-campus location; however, based on the follow-up with local police, it was determined that this offense did occur on the campus.

Gupton also asserted that other corrective actions/improvements were implemented as well. For example, the daily crime and fire logs were consolidated into one document to better ensure that all incidents are captured. The College also conceded that it had failed to include the required hate crime statistics categories in the 2011 and 2010 ASRs and all prior reports. Finally, the College claimed that it developed new campus safety and fire safety policies and procedures to improve its *Clery Act* compliance going forward.

Final Determination: Finding 22 cited Gupton for its failure to correctly classify Clery-reportable crimes in its 2011 and 2010 ASRs as required by 34 C.F.R. § 668.46(c). Specifically, in its response to the PRR, Gupton acknowledged that an internal review by its staff showed that for calendar year 2010, the College did not properly disclose an on-campus burglary that occurred in an on-campus student housing facility. The institution also acknowledged that it had failed to include the required hate crime statistics categories in the 2011 and 2010 ASRs and all prior reports. The Department notes that no caveats or notes regarding hate crimes were included in these ASRs either. As a result of these violations, Gupton was required to review and revise its internal policies and procedures related to *Clery Act* compliance and develop and implement new policies and procedures to ensure that the identified violations do not recur. In its response, the College concurred with the finding in part but also challenged the Department's finding that an assault offense and two disciplinary actions were not classified and disclosed correctly. Gupton officials also attempted to explain the discrepancies between the crime statistics that were published in the College's ASR for calendar years 2010 and 2009 and those that were submitted to the Department.

The College also asserted that all necessary corrective action was taken to address the violations, including revisions to its campus crime statistics. The institution provided evidence that the College contacted the local law enforcement agency to request campus crime statistics during the preparation of the 2012 ASR. The College had never requested crime statistics from local police prior to 2012. The Department examined the College's response very carefully. Based on that review, it was determined that the College correctly categorized the robbery offense and the two weapons law disciplinary referrals. However, the Department's review also found that Gupton failed to properly include in the statistics at least two Clery-reportable offenses that were reported to campus security authorities in 2010.

In addition, Gupton's response indicated that the institution failed to publish and actively distribute a materially-complete Annual Fire Safety Report for both the 2011 and 2010 calendar year. The College claimed that these violations were adequately addressed during the response preparation process and provided some evidence to that effect. As noted, the College will be required to submit additional records to substantiate these claims before this finding will be deemed to be fully resolved.

Nevertheless, based on the Department's review of Gupton's response and the institution's corrective actions thus far, this finding is now considered to be conditionally closed for purposes of this program review, subject to the College's satisfactory resolution of the additional violations identified below:

The Department's analysis of Gupton's recent ASRs, including the 2013 report, indicated that the College's campus safety policies still do not meet *Clery Act* requirements in the following areas:

- A description of procedures, if any, that encourage pastoral counselors and professional counselors, if and when they deem it appropriate, to inform the persons they are counseling of any procedures to report crimes on a voluntary, confidential basis for inclusion in the annual disclosure of crime statistics;
- A description of the institution's drug or alcohol abuse education programs, as required under *section 120(a) through (d) of the HEA*. For the purpose of complying with this requirement, an institution may cross-reference the materials the institution uses to comply with that section.
- A clear notification to students that the institution will change a victim's academic and living situations after an alleged sex offense and of the options for those changes, if those changes are requested by the victim and are reasonably available;
- A clear statement regarding the institution's procedures for campus disciplinary action in cases of an alleged sex offense, including a clear statement that the accuser and the accused are entitled to the same opportunities to have others present during a disciplinary proceeding and that both the accuser and the accused must be informed of the outcome of any institutional disciplinary proceeding brought alleging a sex offense;
- A clear statement regarding the sanctions that the institution may impose following a final determination of an institutional disciplinary proceeding regarding rape, acquaintance rape, or other forcible or non-forcible sex offenses; and,
- A statement of policy regarding the institution's missing student notification procedures.

As a result of these persistent violations, Gupton is required to prepare and publish a modified 2013 ASR that includes all of the policy, procedural, and programmatic disclosures that are required by *34 C.F.R. §668.46(b)* with special attention to the omitted and inadequate disclosures identified above. Once the new ASR is published, the College must actively distribute this report to all enrolled students and current employees. Within 45 days of receipt of this FPRD, Gupton must submit a copy of the modified 2013 and 2012 ASRs along with proof that both reports were distributed in the required manner to the Department's Clery Act Compliance Division at: clery@ed.gov mailbox. In addition, Gupton must submit a list of the exact criminal offenses that were improperly omitted from its campus crime statistics for any of the most recent three calendar years (including hate crimes) and in what ASR(s) those inaccurate statistics were published. The College's submission must reference its Program Review Control Number (PRCN) and the finding number in the subject line of its e-mail message. Failure to respond to

this request for production may result in the imposition of additional adverse administrative actions.

Although the finding is now conditionally closed, Gupton is reminded that the exceptions identified above constitute serious violations of the *Clery Act* that by their nature cannot be cured. There is no way to truly “correct” a *Clery Act* violation once it occurs. Gupton was required to take specific actions address these deficiencies. While additional work is required, the College has initiated some of these required actions. As noted above, additional enhancements will be implemented as a condition of closing this finding. Notwithstanding these efforts, Gupton officials must understand that the *Clery Act* is first and foremost a consumer protection law that is based on the premise that well-informed students and employees are better able to take an active role in the provision of their own safety and security. Persistent failures of the type documented in this case deprive students and employees of important campus security information and effectively negates the intent of the *Clery Act*. For these reasons, the College is advised that such remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose additional administrative and/or corrective actions as a result.

Because of the serious consequences of such violations, the College should re-examine all of its campus security, drug and alcohol, and general Title IV policies and procedures on an annual basis to ensure that they continue to reflect current institutional practices and are compliant with Federal requirements. The Handbook is available online at: www2.ed.gov/admins/lead/safety/handbook.pdf. The Department also provides a number of other *Clery Act* training resources. The College can access these materials at: <http://www2.ed.gov/admins/lead/safety/campus.html>. The regulations governing the *Clery Act* can be found at 34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49.

Finding 23. Failure to Comply with Required Drug and Alcohol Abuse Education and Prevention Program Requirements

Citation Summary: The Drug-Free Schools and Communities Act and Part 86 of the Department's General Administrative Regulations requires each participating institution of higher education (IHE) to certify that it has developed and implemented a drug and alcohol abuse education and prevention program. The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.

On an annual basis, the IHE must distribute written information about its drug and alcohol abuse prevention program (DAAPP) to all students, faculty, and staff. The distribution plan must make provisions for providing the material to students who enroll at a date after the initial distribution, and for employees who are hired at different times throughout the year. The information must include:

- 1) *A written statement about its standards of conduct that prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees;*
- 2) *A written description of legal sanctions imposed under Federal, state and local laws for unlawful possession or distribution of illicit drugs and alcohol;*
- 3) *A description of the health risks associated with the use of illicit drugs and the abuse of alcohol;*
- 4) *A description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to students and employees; and*
- 5) *A statement that the IHE will impose disciplinary sanctions on students and employees for violations of the institution's codes of conduct and a description of such sanctions.*

In addition, each IHE must conduct a biennial review in order to measure the effectiveness of its drug prevention program, and to ensure consistent treatment in its enforcement of its disciplinary sanctions. The IHE must prepare a report of findings and maintain its biennial review report and supporting materials and make them available to the Department and interested parties upon request. 34 C.F.R. §§ 86.3 and 86.100

Noncompliance Summary: *Gupton was unable to produce documentation that it distributed its drug and alcohol abuse prevention program (DAAPP) disclosure to all employees and all students enrolled for academic credit. Moreover, Gupton's DAAPP distribution policy includes no provision for providing the disclosure to students who enroll at points in the academic year other than the period when the DAAPP disclosure is normally disseminated or for intermittent or casual employees who are not on the payroll at the time of the standard annual distribution. In addition, Gupton's DAAPP does not contain the following required components:*

1. *Gupton's standards of conduct prohibiting the possession, use and distribution of alcohol by students and employees;*
2. *A written description of legal sanctions imposed under local, State, or Federal law for unlawful possession or distribution of illicit drug and alcohol; and*
3. *A description of the health risks associated with the use of illicit drugs and the abuse of alcohol.*

In addition, Gupton failed to conduct a Biennial Review (biennial review) of the effectiveness of its DAAPP and of the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct. Moreover, Gupton failed to prepare a biennial review report of findings. In fact, Gupton was unable to produce documentation showing that it has ever conducted a biennial review since its initial approval to participate in the FSA programs on September 24, 2002.

Failure to comply with the DFSCA requirements deprives students and employees of important information regarding the educational, disciplinary, health, and legal consequences of illegal drug use and alcohol abuse. Such failures may contribute to increased drug and alcohol abuse on-campus as well as an increase in drug and alcohol-related violent crime.

Required Action Summary: *Gupton was required to take all necessary corrective actions to resolve these violations. At a minimum, Gupton was required to perform the following:*

- 1. Develop and implement a comprehensive DAAPP that includes all of the required elements found in the DFSCA and the Department's Part 86 regulations;*
- 2. Develop procedures for ensuring that the DAAPP program materials are distributed to every student who is currently enrolled for academic credit and all employees. When the new program materials are complete, Gupton must provide a draft copy of its DAAPP and new distribution policy with its response to this program review report. Once the materials are approved by the Department, Gupton must distribute them in accordance with the Part 86 regulations, and provide documentation evidencing the distribution as well as a statement of certification attesting to the fact that the materials were distributed in accordance with the DFSCA;*
- 3. Conduct a biennial review to measure the effectiveness of its DAAPP. Gupton must describe the research methods and data analysis tools that will be used to determine the effectiveness of the program and identify the responsible official(s) and office(s) that conducted the biennial review. Finally, the biennial review report must be approved by the institution's chief executive. The biennial review and must be completed by June 1, 2013 and be submitted to the Department by June 15, 2013.*
- 4. Gupton must establish policies and procedures ensure that all subsequent biennial review s are conducted in a timely manner and are fully documented and to take all other necessary action to ensure that this violation does not recur.*

As noted above, violations of the DFSCA are very serious and by their nature, cannot be cured. Gupton will be given an opportunity to develop and distribute an accurate and complete DAAPP disclosure and to finally bring its drug and alcohol programs into compliance with the DFSCA as required by its Program Participation Agreement (PPA). However, Gupton is advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose additional corrective or administrative actions.

Based on an evaluation of all available information including Gupton's response, the Department will determine if additional actions will be required and will advise Gupton accordingly in the FPRD.

Gupton's Response: In its response, Gupton stated its concurrence with the finding and explained the steps taken to address the deficiencies. After the Department's on-site visit, the College, under the direction of the Student Development Services office, initiated a review of Gupton's drug and alcohol policies and its distribution policies and made necessary enhancements and revisions. Gupton stated that it is, "committed to distribution at least annually to all incoming students and staff this information." The College also stated that DAAPP information is now available on Gupton's website in the consumer information section. Upon completion of the biennial review, Gupton officials indicated that the findings will be compiled into a report that will be made available upon request to all interested parties.

Final Determination: The Department noted several violations of the *DFSCA* by Gupton in Finding 23, including a failure to develop and implement a DAAPP and a corresponding failure to actively distribute an annual DAAPP disclosure. In addition, Gupton consistently failed to conduct biennial reviews and document its findings. As a result of these violations, Gupton was required to take immediate action to correct all deficiencies. In its response, Gupton concurred with the finding and provided several documents in an attempt to substantiate its claims that remedial actions were taken. The Department reviewed the response very carefully. This review indicated that the institution made a reasonable good-faith effort to finally develop a DAAPP; however, Gupton failed to take adequate corrective action in response to the other elements of the finding. For example, the College conceded that it did not conduct an immediate biennial review as directed in the PRR. The Department determined that this failure was at least partially due to the fact that the institution did not have any significant data or documentation to analyze.

As a result, Gupton must submit the final version of its new DAAPP disclosure, proof that the disclosure was distributed in the required manner, and a copy of its most biennial review report and supporting documentation to the Clery Act Compliance Division (CACD) on behalf of the Kansas City School Participation Division. These materials must be submitted with the College's mandatory production outlined in Finding 22. If any of the requested documents are not available or do not exist, Gupton must clearly state that fact in its response. Moreover, the College must explain with particularity the circumstances related to any failure to produce one or more of the requested records. In this context, Gupton is specifically advised that it must not produce any new documents that are intended to demonstrate compliance for past periods.

As noted above, the Department examined the College's response very carefully. Based on the Department's review of Gupton's response and the College's partial corrective

actions, this finding is now considered to be conditionally closed, subject to the College's satisfactory production of the documents outlined above.

Although the program review finding is now conditionally closed, additional analysis will be conducted by the CACD. Any failure to respond to this request and/or any subsequent requests from the CACD may result in the imposition of additional adverse administrative actions.

As noted above, these exceptions constitute very serious violations of the *DFSCA* that by their nature cannot be cured. There is no way to truly "correct" a *DFSCA* violation once it occurs. Gupton was required to initiate corrective actions and has taken partial action to address the conditions that led to these violations and additional work will be required. Moreover, the College is reminded that it must initiate all other corrective actions that may be necessary to ensure that the deficiencies identified in this finding do not recur. Notwithstanding these efforts, Gupton officials must understand that compliance with the *DFSCA* is essential to maintaining a safe and healthy learning environment. Data compiled by the Department shows that the use of illicit drugs and alcohol abuse is highly correlated to increased incidents of violent crimes on campus. Moreover, the persistent compliance failures documented during the program review deprived students and employees of important information regarding the educational, financial, health, and legal consequences of alcohol abuse and illicit drug use. Such failures may contribute to increased drug and alcohol abuse on-campus as well as an increase in drug and alcohol-related violent crime. For all of these reasons, the College is advised that corrective measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action as authorized by the *DFSCA* and the Department's regulations and/or require additional corrective measures as a result.

Because of the serious consequences of such compliance failures, the Department strongly recommends that Gupton re-examine its campus security, drug and alcohol abuse prevention policies and procedures on an annual basis to ensure that they are effective, continue to reflect current institutional practices and are in full compliance with the *DFSCA*. Please be advised that the Department may request information on a periodic basis to test the effectiveness of Gupton's new drug and alcohol abuse education and prevention programs.

Findings with Final Determinations

The program review report findings requiring further action are summarized below. At the conclusion of each finding is a summary of Guppton's response to the finding, and the Department's final determination for that finding. A copy of the Program Review Report issued on April 10, 2013, is attached as Appendix C.

Note: Any additional costs to the Department, including interest, special allowances, unearned administrative cost allowance, etc., are not included in individual findings, but instead are included in the Summary of Liabilities Table in Section D of the report.

Finding 1. Improper Return of Title IV Funds Calculations

***Citation Summary:** Federal regulations state that when a recipient of Title IV, HEA funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must perform a Return of Title IV Funds calculation to determine the amount of Title IV, HEA grant or loan assistance the student earned as of the student's withdrawal date. The calculation should incorporate all of the elements of a Return of Title IV Funds calculation identified in pertinent Federal regulations. 34 C.F.R. § 668.22*

Federal regulations state that if the total amount of Title IV, HEA grant or loan assistance, or both, that the student earned is greater than the total amount of Title IV, HEA grant or loan assistance, or both, that was disbursed to the student or on behalf of the student in the case of a PLUS loan, as of the date of the institution's determination that the student withdrew, the difference between these amounts must be treated as a post-withdrawal disbursement. If outstanding charges exist on the student's account, the institution may credit the student's account up to the amount of outstanding charges with all or a portion of any grant funds and loan funds that make up the post-withdrawal disbursement. The institution must disburse directly to a student any amount of a post-withdrawal disbursement of grant funds that is not credited to the student's account. The institution must make the disbursement as soon as possible, but no later than 45 days after the date of the institution's determination that the student withdrew.

The institution must offer to disburse directly to a student, or parent in the case of a parent PLUS loan, any amount of a post-withdrawal disbursement of loan funds that is not credited to the student's account.

The institution must provide within 30 days of the date of the institution's determination that the student withdrew, a written notification to the student, or parent in the case of parent PLUS loan, that

- (1) Requests confirmation of any post-withdrawal disbursement of loan funds that the institution wishes to credit to the student's account, identifying the type and amount of those loan funds and explaining that a student, or parent in the case of a parent PLUS loan, may accept or decline some or all of those funds;*
- (2) Requests confirmation of any post-withdrawal disbursement of loan funds that the student, or parent in the case of a parent PLUS loan, can receive as a direct disbursement, identifying the type and amount of these Title IV, HEA funds and explaining that the student, or parent in the case of a parent PLUS loan, may accept or decline some or all of those funds;*
- (3) Explains that a student, or parent in the case of a parent PLUS loan, who does not confirm that a post-withdrawal disbursement of loan funds may be credited to the student's account may not receive any of those loan funds as a direct disbursement unless the institution concurs;*
- (4) Explains the obligation of the student, or parent in the case of a parent PLUS loan, to repay any loan funds he or she chooses to have disbursed; and*
- (5) Advises the student, or parent in the case of a parent PLUS loan, that no post-withdrawal disbursement of loan funds will be made, unless the institution chooses to make a post-withdrawal disbursement based on a late response, if the student or parent in the case of a parent PLUS loan, does not respond within 14 days of the date that the institution sent the notification, or a later deadline set by the institution.*

An institution must document in the student's file the result of any notification made of the student's right to cancel all or a portion of loan funds or of the student's right to accept or decline loan funds, and the final determination made concerning the disbursement. 34 C.F.R. § 668.22(a)

For the purposes of the Return of Title IV Funds calculation, in each payment period or period of enrollment a pro rata schedule is used, up through the 60 percent point, to determine the amount of Title IV funds the student has earned at the time of withdrawal. After the 60 percent point in the payment period or period of enrollment, a student has earned 100 percent of the Title IV funds he or she was scheduled to receive during the period. For a student who withdraws after the 60 percent point-in-time, there are no unearned funds. However, a school must still complete a Return of Title IV Funds calculation in order to determine whether the student is eligible for a post-withdrawal disbursement. 2011-2012 Federal Student Aid Handbook, Volume 5, Chapter 2

Noncompliance Summary: *In three respects, Gupton improperly performed Return of Title IV Funds calculations.*

Returns calculated for attending students: *On a systemic basis, Gupton incorrectly performed Return of Title IV Funds calculations for students who dropped to below half-time enrollment status but continued to attend the institution.*

During interviews with Gupton's financial aid director on 08/27/2012, it was determined that it has been the policy of the institution to perform Return of Title IV Funds calculations for any Title IV, HEA recipient whose enrollment status falls below six credit hours. This policy was pursued in the belief that since a student is not eligible to receive Direct Loan funds for an enrollment status of less than six credit hours, then it was also true that a Return must be calculated for any student that dropped below half-time enrollment status.

For example, the financial aid file of Student #33 indicates that Gupton initially determined the student had dropped to a three-credit hour enrollment status on 06/21/2011. Based on its policy of performing Return calculations for students who fall below a six-credit hour enrollment status, Gupton performed a Return calculation on 06/27/2011 that indicated the student had completed 59.6 percent of the payment period. The Return identified \$660.60 in Direct Unsubsidized Stafford Loan funds that needed to be returned to the Department. Subsequent to the performance of the calculation, Gupton determined the student actually dropped to a three-credit hour enrollment status on or about 06/23/2011 (sic). This revised date resulted in a completion percentage for the payment period of over 60 percent, and Gupton determined that no return of Title IV, HEA funds was necessary.

A handwritten note from the student, dated 06/27/2011 and included in the student's file, also appears to indicate the student withdrew from all of his classes on 06/27/2011.

As a further example, the financial aid file of Student #34 indicates that the student withdrew from several courses and became enrolled in less than six credit hours on 10/11/2011. Based on its policy of performing Return calculations for students who fall below a six-credit hour enrollment status, Gupton performed a Return calculation on 10/13/2011 that indicated incorrectly the student had completed 47.1 percent of the payment period. The Return identified \$2,192.04 in Direct Unsubsidized Stafford Loan funds that needed to be returned to the Department. The Department's COD system indicates the Return was made on 10/24/2011.

Failure to calculate Returns beyond 60 percent point: *On a systemic basis, Gupton has not performed Return calculations for students who have surpassed the 60 percent point in a term before withdrawing.*

Institutions are required to perform Return of Title IV Funds calculations for all students who fail to complete a payment period to determine if a student is eligible for a post-withdrawal disbursement (PWD) and to ensure the institution correctly calculated the percentage of the payment period completed.

For example, the financial aid file of Student #8 indicates the student withdrew from the institution on 07/19/2010, at a point where the student had completed 82 percent of the 101-day payment period; however, Gupton did not perform a Return calculation.

During interviews with Gupton's financial aid director on 08/27/2012, the program review team confirmed that it was the policy of the institution not to perform any type of Return of Title IV Funds calculation for students who withdraw after completing at least 60 percent of the payment period.

Incorrect number of days in payment period: *Although program reviewers determined that a Return calculation was not required for Student #33 and Student #34 at the time the student dropped to a less-than-half-time status, program reviewers noted that had one been required, Gupton utilized an incorrect number of days in the payment period for each student. The Return calculation performed for Student #33 reflected 94 days in the payment period; based on Gupton's academic calendar, the correct number of days in the payment period was 101 days. The Return calculation performed for Student #34 reflected 104 days in the payment period; based on Gupton's academic calendar, the correct number of days in the payment period was 101 days.*

Required Action Summary: *In response to this finding, as well as the Return of Title IV Funds issues raised in Finding 2, Gupton was required to provide comprehensive information for all Title IV, HEA recipients who officially or unofficially withdrew during the 2010-2011, 2011-2012, and 2012-2013 (year to date) award years. Gupton was required to identify and review the files of all Title IV, HEA recipients for whom a Return calculation was performed or should have been performed in any of the three award years and provide comprehensive information accordingly as part of the file reconstruction for Finding 1.*

Additionally, Gupton was also required to review and revise its internal policies and procedures to ensure that Return of Title IV Fund calculations are performed properly and in a timely manner in the future. A copy of these procedures must accompany Gupton's response to this report.

Gupton's Response: Gupton reviewed all files of Title IV, HEA recipients who had withdrawn during the 2010-2011, 2011-2012, and 2012-2013 award years as instructed in the program review report to ensure the Return calculations were correctly performed and any applicable funds had been returned according to Department guidelines. In total, the institution determined that 61 students had withdrawn during the respective timeframe.

Gupton reviewed the files of these students and determined the status of Returns for each student. Overall, Gupton determined 38 students were not Title IV recipients for the period in question, ten student Return calculations were performed correctly, six students withdrew between semesters one student was ineligible for Title IV, HEA funds due to SAP concerns; and six Returns were not completed for students who withdrew after the perceived 60% point of the semester. For the six Returns not previously completed, Gupton completed the required calculation and provided the results to the Department with its response. A careful review of the file reconstruction determined no Title IV, HEA funds were improperly retained by the institution in these six instances.

As part of the program review requirements, Gupton reviewed and revised its policies and procedures in relation to Return calculations and the process to be completed upon the withdrawal of students from the institution and provided these policies to the Department.

Final Determination: Program reviewers reviewed the results of the file reconstruction performed by Gupton. The review indicated in all instances the Return was performed correctly for the students for whom Gupton originally performed calculations. A review of the Returns performed as part of the program reviewed reflected the students had earned all funds because they had attended past the 60% point of the semester; however, in two instances included in the file reconstruction, program reviewers determined Gupton failed to return Federal Pell Grant funds for students whose attendance was not confirmed in all enrolled hours. For example, in the cases of Students #1-33 and #1-34, the student's attendance, using Gupton's records, was confirmed only for three hours (less-than-half-time); however, Gupton requested and retained Federal Pell Grant funds equal to half-time enrollment and failed to return the improperly disbursed funds to the Department for these students.

As part of the program review requirements for Finding 2 (closed to this finding due to the file reconstruction), Gupton concurred with the Department's assessment that funds were returned late for Student #4; however, a review of the timing of this return yields no harm was caused to the Department; thus, no liability will be assessed for Gupton's late return of funds for Student # 4.

Overall, Gupton is responsible to return **\$1,380.00** in Federal Pell Grant funds to the Department for the students above whose funds were not properly returned. Additionally, Gupton is liable for the cost of funds associated with the improper use of Federal Pell Grant funds. The total cost of funds liability due to the Department as a result of the failure to return Pell Grant funds drawn improperly is **\$20.00** (\$20.48 in Federal Pell Grant interest, *rounded*). The interest charges were computed using the cost of funds for Federal Pell Grant Program published in the Federal Register by the Department of the Treasury, effective from the date of disbursement to the date of this determination. Detailed information about this cost of funds liability determination may be found in Appendix G.

Gupton must notify the students in writing regarding payments made on their behalf. This notification must include the amount and the date of the payments.

Finding 4. Verification Incomplete/Incorrect

Citation Summary: The purpose of verification is to ensure accuracy in determining a student's eligibility for Title IV, HEA program funds. If a student is selected for verification, an institution is responsible for confirming information reported on the

student's application for Federal student aid, as well as resolving any conflicting information that presents itself regarding the application. The five required data elements that must be verified are: (1) household size; (2) number enrolled in college; (3) adjusted gross income (AGI); (4) U.S. income tax paid; and (5) other untaxed income and benefits. Supporting documentation collected from the student or parents is compared to the information that was reported on the student's Institutional Student Information Record (ISIR). An institution must retain in the student's file any verification documentation it collects to serve as evidence that it completed the verification process. 34 C.F.R. §§ 668.16(f), 668.24(c)(1)(i), and 668.56; 2011-2012 Application and Verification Guide.

Beginning with the 2012-2013 award year, the Secretary will publish in the Federal Register notice the FAFSA information that an institution and an applicant may be required to verify. For each applicant whose FAFSA information is selected for verification by the Secretary, the Secretary will specify the specific information that must be verified. 34 C.F.R. § 668.56 (as revised 07/01/2012). The following chart from the 07/13/2011 Federal Register (Volume 76, Number 134) specifies the items required for verification for the 2012-2013 award year.

FAFSA information selected for verification	Acceptable documentation for FAFSA information selected for verification
All Applicants: Number of household members	A statement signed by both the applicant and one of the parents of a dependent student, or only the applicant if the applicant is an independent student that lists: <ol style="list-style-type: none"> (1) The names and age of each household member; and (2) The relationship of that household member to the applicant. Verification of the number of household members is not required if: <ol style="list-style-type: none"> (1) For a dependent student, the household size reported on the FAFSA is two and the parent is single, separated, divorced, or widowed; or three if the parents are married; or (2) For an independent student, the household size reported on the FAFSA is one and the applicant is single, separated, divorced, or widowed; or two if the applicant is married. 34 C.F.R. §668.57(b)
All applicants: Number of household members enrolled at least half-time in eligible postsecondary institutions	<ol style="list-style-type: none"> (1) A statement signed by both the applicant and one of the parents of a dependent student, or only the applicant if the applicant is an independent student, listing: <ol style="list-style-type: none"> a. The name and age of each household member who is or will be attending an eligible postsecondary educational institution as at least a half-time student in the 2012-2013 award year; and b. The name of the eligible institution(s) that each household member is or will be attending during

	<p><i>the 2012-2013 award year. 34 C.F.R. §668.57(c)</i></p> <p><i>(2) If an institution has reason to believe that an applicant's FAFSA information or the statement provided by the applicant regarding the number of household members enrolled in eligible postsecondary institutions is inaccurate, the institution must obtain a statement from each institution named by the applicant that the household member in question is or will be attending that institution on at least a half-time basis unless:</i></p> <ul style="list-style-type: none"> <i>a. The institution the student is attending determines that such a statement is not available because the household member in question has not yet registered at the institution he or she plans to attend; or</i> <i>b. The institution has information indicating that the household member in question will be attending the same institution as the applicant.</i> <p><i>Verification is not required if the reported number of household members enrolled at least half-time in eligible postsecondary institutions is one.</i></p> <p><i>34 C.F.R. §668.57(c)(2)</i></p>
<p>All applicants: <i>Food Stamps -Supplemental Nutrition Assistance Program (SNAP).</i></p>	<p><i>Documentation from the agency that issues the Food Stamps benefit or alternative documentation as determined by the institution to be sufficient to confirm that the applicant received Food Stamps in 2010 or 2011. 34 C.F.R. §668.57(d)</i></p>
<p>All applicants: <i>Child Support Paid</i></p>	<p><i>(1) A statement signed by the applicant, spouse, or parent who paid child support certifying:</i></p> <ul style="list-style-type: none"> <i>(a) The amount of child support paid</i> <i>(b) The name of the person to whom child support was paid; and</i> <i>(c) The name of the children for whom child support was paid.</i> <p><i>(2) If the institution believes the information provided in the signed statement is inaccurate, the applicant must provide the institution with documentation such as:</i></p> <ul style="list-style-type: none"> <i>(a) A copy of the separation agreement or divorce decree that shows the amount of child support to be provided;</i> <i>(b) A statement from the individual receiving the child support showing the amount provided; or</i> <i>(c) Copies of the child support checks or money order receipts. 34 C.F.R. §668.57(d)</i>
<p>Income information for tax filers: <i>Adjusted Gross Income (AGI)</i> <i>U.S. income tax paid</i> <i>Untaxed IRA Distributions</i> <i>Untaxed Pensions</i></p>	<p><i>(1) Information that the Secretary has identified as having been obtained from the Internal Revenue Service (IRS) (commonly referred to as the IRS Data Retrieval Process) and not having been changed. 34 C.F.R. §668.57(a)(2)</i></p> <p><i>(2) If a tax filer is unable to provide the income</i></p>

<i>Education Credits</i> <i>IRA Deductions</i> <i>Tax Exempt Interest</i>	<i>information through the IRS Data Retrieval Process, a transcript obtained from the IRS that lists tax account information of the tax filer for the tax year 2011.</i> <i>34 C.F.R. §668.57(a)(1)(i)</i>
<i>Income Information for nontax filers:</i> <i>Income earned from work</i>	<i>For an individual that has not filed and, under IRS rules or other applicable government agency rules, is not required to file an income tax return:</i> <i>(1) A copy of IRS Form W-2 for each source of employment income received for tax year 2011.</i> <i>34 C.F.R. §668.57(a)(3)(i) and (a)(4)(i)(B); and</i> <i>(2) A signed statement certifying:</i> <i>(a) That the individual has not filed and is not required to file an income tax return for tax year 2011</i> <i>34 C.F.R. §668.57(a)(3)(i) and (a)(4)(i); and</i> <i>(b) The sources of income earned from work as reported on the FAFSA and amounts of income from each source from tax year 2011 that is not reported on IRS Form W-2.</i> <i>34 C.F.R. §668.57(a)(3)(i) and (a)(4)(i)</i>

Noncompliance Summary: *Gupton failed to correctly complete the verification process for the following students selected by the Department during the 2011-2012 and 2012-2013 award years.*

Student #4: *The student was selected for verification and disbursed Federal Pell Grant funds based on completed verification of Transaction 01 (1938 EFC) of the 2011-2012 ISIR. The student's household size and number in college were properly verified. However, a review of the student's 1040 tax return submitted in comparison to the information on the FAFSA reveals the student's AGI on the amended tax return was \$14,674.00 rather than \$14,377.00 which was on the FAFSA. Additionally, the amended tax returned indicated the student paid \$533.00 in federal taxes rather than \$707.00 which was on the FAFSA. As the total discrepancies exceeded the Department's tolerance threshold, Gupton was required to submit corrections prior to disbursement of Title IV, HEA funds. This student is also cited in Finding 2.*

Student #6: *The student was selected for verification and was disbursed Federal Pell Grant funds based on completed verification of Transaction 02 (3609 EFC) of the 2011-2012 ISIR. The student's household size, number in college, AGI, and tax paid were properly verified. However, a review of the parent's W2's indicates the parents received \$1,432.00 in untaxed income listed in Boxes 12 D and E which was not included on the ISIR. This student is also cited in Findings 13 and 14.*

Student #10: *The student was selected for verification and was disbursed Federal Subsidized and Unsubsidized Stafford Loan funds based on completed verification of*

Transaction 05 (6373 EFC) of the 2011-2012 ISIR. The student's household size, number in college, AGI, and tax paid were properly verified. However, a review of the IRS 1040 tax form indicates the student received a \$408.00 Education Credit which was not included on the ISIR. Additionally, as discussed in Finding 5, the student's file has conflicting information which was unresolved as of the on-site program review; thus, the school did not complete the verification process. This student is also cited in Findings 5 and 13.

Student #12: *The student was selected for verification and was disbursed Federal Pell Grant funds based on completed verification of Transaction 02 (0465 EFC) of the 2011-2012 ISIR. The student's household size, number in college, AGI, and tax paid were properly verified. However, a review of the student's W2, collected as part of the verification process, indicates the student received \$2,034.25 in Box 12A which are considered as untaxed income for FAFSA purposes.*

This student was also selected for verification for the 2012-2013 year; verification was completed on Transaction 02. The student's household size, number in college, AGI, and taxes paid were correct based on the tax document submitted; however, the student did not utilize the IRS Data Retrieval tool—requiring Gupton to collect an IRS Tax Transcript in lieu of a copy of the completed return. In addition, Gupton failed to include the \$578.00 Education Credit included on the 1040 tax document on the FAFSA.

Student #17: *The student was selected for verification and was disbursed Federal Pell Grant funds based on completed verification of Transaction 08 (0482 EFC) of the 2011-2012 ISIR. The student's household size, number in college, AGI, and taxes paid were properly verified. However, the student's parents indicated \$3,600.00 in child support was paid out—a review of information in the file indicates the support was paid for student 17; as the student is part of the household, the child support paid amount should not be included on the ISIR; thus, the ISIR is incorrect. This student is also cited in Finding 5.*

Student #20: *The student was selected for verification for 2012-2013 award year and disbursed Federal Pell Grant funds based on completed verification of Transaction 04 (0000 EFC). A review of the ISIR reflects the student listed four family members in the house with one in college; however, the student listed five in the house and two in college on the Institutional Verification Form (IVF). The financial aid director utilized the information on the IVF without ensuring which data was correct. As there is conflicting information, resolution was required to ensure verification was correctly performed.*

Student #29: *The student was selected for verification for the 2012-2013 award year and disbursed Federal Pell Grant funds based on completed verification of Transaction 02 (0000 EFC). A review of the ISIR indicates the student did not utilize the IRS Data Retrieval; instead, the student submitted a copy of the 1040 tax return to the institution. Based on the new regulations effective July 1, 2012, Gupton was required to obtain a tax*

transcript for the student if the Data Retrieval tool was not used. Additionally, the student, as well as Gupton, did not ensure \$748.00 in Education Credits were included on the ISIR. Finally, Gupton failed to properly adjust the AGI to reflect \$23,359.00 based on the tax return rather than \$23,478.00 submitted on the FAFSA.

Student #30: *The student was selected for verification for the 2012-2013 award year and disbursed Federal Pell Grant funds based on completed verification of Transaction 02 (0020 EFC). Although the elements were correctly verified, Gupton failed to obtain the signatures of the student and the parent on the verification worksheet.*

Required Action Summary: *In response to this report, Gupton was required to resolve the verification deficiencies for the above-referenced students by obtaining the documentation necessary to complete the process. If the resolution of the issue involved changes to the student's income, or the addition of parental income not previously reported, Gupton was required to attempt to collect the required tax returns or other income-related information and recalculate the student's Title IV, HEA eligibility accordingly.*

In addition, Gupton was also required to review the student files of all Title IV, HEA recipients in the 2010-2011, 2011-2012, and 2012-2013 (year to date) award years selected for verification and provide the information requested by the Department as part of the file reconstruction for Finding 3.

Additionally, Gupton was required to review and revise its policies and procedures in relation to the verification process and provide copies to the Department as part of its response to the program review report.

Gupton's Response: Gupton indicated it had reviewed the students discussed in the program review report to determine what may have caused verification to have been improperly performed. In the case of Student #30, staff located the signed verification worksheet and provided the requisite documentation with its program review report response. In the case of Students #10 and 20, Gupton made contact with the students to resolve the conflicting data discussed in the program review report. In the case of Students #4, 17, and 29, Gupton indicated they had reviewed the files and performed EFC hand calculations to assess any impact on Title IV, HEA funds disbursed. Through the review of the EFC hand calculations, Gupton determined there was no change to these student's EFC. In the case of Students #6 and 12 Gupton reviewed the data and determined corrections were required which reduced student Title IV, HEA funds eligibility. While making these revisions for the 2011-2012 award year for each of the students discussed above, Gupton also reviewed Student #6 and #12 in relation to the 2012-2013 year and determined the verification was completed appropriately.

As part of the requirements for this finding, Gupton stated that it performed a file review of all students selected for the years in question to ensure verification had been correctly

performed and provided these results to the program reviewers. Additionally, Gupton indicated in its response the institution had reviewed its policies and procedures in relation to verification. As a tool to help with verification, Gupton made the decision to utilize the resources provided by the Department via IFAP to ensure the institution was properly performing verification. Gupton indicated the institution has implemented the Tax Transcript matrix which was given as an example as a tool in its procedures to ensure all required verification items are reviewed and provided a copy of this tool with its response to the PRR.

Final Determination: Gupton provided documentation to resolve the issues related to Students #4, 10, 20, 29, and 30; thus, no further action is required for these students previously outlined in the PRR above. In the case of Student #6, the revisions which were made by Gupton, increasing the EFC from 3609 to 3892, were determined by reviewers to be correct; thus, in the case of Student #6, Gupton is required to return \$200.00 for the 2011-2012 award year. In the case of Student #12, program reviewers agree with Gupton's calculations which indicate the EFC changes from 465 to 908. Based on these calculations, Gupton must return \$500.00 to the Department for Student #12. Department officials reviewed the hand calculation performed by Gupton for Student #17 and determined that Gupton incorrectly completed the hand calculation, utilizing the wrong information in key areas of the calculation. Program reviewers completed a subsequent calculation using the correct information and determined Student #17's EFC for the 2011-2012 award year should have been 1260 rather than 89. Based on this calculation, Gupton must return \$800.00 to the Department for Student #17 for the 2011-2012 award year. A review of Student #17's file for the 2012-2013 award year reflects Gupton failed to collect a copy of the student's 2011 tax return as part of the verification process; thus, all 2012-2013 Title IV, HEA funds were disbursed improperly and must be repaid to the Department on the student's behalf.

Program reviewers examined the comprehensive file reconstruction provided by Gupton regarding its compliance with Department verification guidelines and determined three students during the 2010-2011 award year, four additional students during the 2011-2012 award year, and two additional students for the 2012-2013 award year were improperly verified as detailed in the student level liabilities in Appendix B.

In the case of Student #4-35, the student's parents incorrectly filed their tax returns as head of household even though the parents were married since 1985. In the case of Student #4-36 and #4-37, Gupton failed to verify untaxed income and improperly classified child support received as child support paid. Program reviewers performed a hand calculation for Student #4-36 and determined the correct amount of Title IV, HEA funds to be provided for the student. In the case of Student #4-36, Gupton must return \$3,300.00 in Federal Pell Grant funds to the Department on behalf of the student. In the case of Student #4-37, Gupton failed to resolve conflicting information; thus, all Title IV, HEA funds are required to be returned to the Department. In the case of Student #4-38, Gupton failed in both the 2011-2012 and 2012-2013 award years to include the student's

spouse's income, as well as other untaxed income in the verification process. For the 2011-2012 and 2012-2013 award years, program reviewers performed EFC hand calculations. These calculations reflect that the student was still eligible for Direct Loan funds; however, the student was no longer eligible for Federal Pell Grant funds for both award years.

A review of the file reconstruction for the 2011-2012 award year reflected Gupton failed to resolve conflicting data or obtain clarifying information for Student #28, Student #4-39, and Student #4-40. Finally, a review of the 2012-2013 award year reconstruction reflects Gupton utilized the incorrect column on the Federal Pell Grant schedule when verifying Student #4-41; thus, Gupton must return \$100.00 in Pell Grant funds paid in error for this student.

Overall, Gupton is responsible to return **\$45,587.50** in Federal Pell Grant funds to the Department for the students above, as well as detailed in Appendix B who received Title IV, HEA funds without verification being completed accurately. Additionally, Gupton is liable for the cost of funds associated with the improper use of Federal Pell Grant funds. The total cost of funds liability due to the Department as a result of the failure to return Pell Grant funds drawn improperly is **\$672.00** (\$671.84 in Federal Pell Grant interest, rounded). The interest charges were computed using the cost of funds for Federal Pell Grant Program published in the Federal Register by the Department of the Treasury, effective from the date of disbursement to the date of this determination. Detailed information about this cost of funds liability determination may be found in Appendix G.

Additionally, Gupton improperly awarded and disbursed **\$40,066.00** in Direct Loan funds to students during the 2010-2011, 2011-2012, and 2012-2013 award years. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on the most recent sector default rate available for institutions such as Gupton. As a result, the estimated actual loss that Gupton must pay to the Department for these ineligible loans is **\$2,832.00** (\$2,831.52, rounded). A copy of this calculation is included as Appendix F.

Gupton must notify all students in writing regarding payments made on their behalf. This notification must include the amount and the date of the payments.

Finding 6. Incorrect Calculation of Cost of Attendance

Citation Summary: *The amount of need of any student for financial assistance is equal to—*

- (1) the cost of attendance (COA) of such student, minus*
- (2) the expected family contribution for such student, minus*
- (3) estimated financial assistance not received under the Title IV, Higher Education Act of 1965 Sec.471*

For the purpose of calculating Title IV, HEA assistance, the term “cost of attendance” means—

- (1) tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study;*
- (2) an allowance for books, supplies, transportation, and miscellaneous personal expenses, including a reasonable allowance for the documented rental or purchase of a personal computer, for a student attending the institution on at least a halftime basis, as determined by the institution;*
- (3) an allowance (as determined by the institution) for room and board costs incurred by the student which—
 - (a) shall be an allowance determined by the institution for a student without dependents residing at home with parents;*
 - (b) for students without dependents residing in institutionally owned or operated housing, shall be a standard allowance determined by the institution based on the amount normally assessed most of its residents for room and board; and*
 - (c) for all other students shall be an allowance based on the expenses reasonably incurred by such students for room and board;**
- (4) for less-than-half-time students (as determined by the institution) tuition and fees and an allowance for only books, supplies, and transportation (as determined by the institution) and dependent care expenses;*
- (5) for a student engaged in a program of study by correspondence, only tuition and fees and, if required, books and supplies, travel, and room and board costs incurred specifically in fulfilling a required period of residential training;*
- (6) for incarcerated students only tuition and fees and, if required, books and supplies;*
- (7) for a student enrolled in an academic program in a program of study abroad approved for credit by the student’s home institution, reasonable costs associated with such study (as determined by the institution at which such student is enrolled);*
- (8) for a student with one or more dependents, an allowance based on the estimated actual expenses incurred for such dependent care, based on the number and age of such dependents;*
- (9) for a student with a disability, an allowance (as determined by the institution) for those expenses related to the student’s disability, including special services, personal assistance, transportation, equipment, and supplies that are reasonably incurred and not provided for by other assisting agencies;*
- (10) for a student receiving all or part of the student’s instruction by means of telecommunications technology, no distinction shall be made with respect to the mode of instruction in determining costs;*
- (11) for a student engaged in a work experience under a cooperative education program, an allowance for reasonable costs associated with such employment (as determined by the institution); and*
- (12) for a student who receives a loan under this or any other Federal law, or, at the option of the institution, a conventional student loan incurred by the student to cover a*

student's cost of attendance at the institution, an allowance for the actual cost of any loan fee, origination fee, or insurance premium charged to such student or such parent on such loan, or the average cost of any such fee or premium charged by the Secretary, lender, or guaranty agency making or insuring such loan. Higher Education Act of 1965 Sec.472

For the tuition and fees component, an institution can use the same average amount for all full-time students, instead of figuring the actual tuition and fees for each individual student. An institution can have different standard costs for different categories of students, such as a cost of attendance for out-of-state students (who have higher tuition) and a lower cost of attendance for in-state students. However, an institution cannot combine the COA figures for each separate enrollment status and award aid to a student on the basis of the average COA. Students must be awarded on the basis of a COA comprised of allowable costs assessed all students carrying the same academic workload. 2010-2011 and 2011-2012 Federal Student Aid Handbook

Noncompliance Summary: *Gupton does not make adjustments to the COA for students enrolled less than full time. The financial aid director indicated she does all COA computations based on the average enrollment time it takes students to complete the program— as the program takes two years (62 hours), she projects the enrollment to be 16 hours per semester.*

The following students were enrolled less than full-time but were assigned full-time budgets, potentially resulting in over-awarding of Title IV, HEA funds.

Student #1 *was enrolled less-than-half-time for fall 2011 and summer 2012.*

Student # 8 *was enrolled three-quarter time for summer 2010, fall 2010, and fall 2011. The student was not enrolled for spring 2011; however, the COA was designated for a full award year.*

Student # 16 *was enrolled three-quarter-time for summer 2011, half-time for spring 2012, and less-than half-time for summer 2012.*

Student # 22 *was enrolled three-quarter time for fall 2011, less-than-half-time for spring 2012, and three-quarter time for summer 2012. It should be noted this student has always enrolled in less than full-time enrollment since beginning attendance at Gupton in fall 2009 but has been packaged as a full-time student each semester.*

Required Action Summary: *In response to this finding, Gupton was required to develop a COA budget for students who enroll less than full time, as well as a budget for students who enroll less-than-half-time. Additionally, Gupton was required to review the enrollment history of all Title IV, HEA recipients who enrolled during the 2010-2011, 2011-2012, and 2012-2013 (year to date) award years and identify those students who enrolled less than full time for any term during these award years and recalculate each student's eligibility based on the applicable revised COA budget based on the student's actual enrollment status. For each student identified, Gupton was required to provide*

the pertinent student information in spreadsheet format as well as provide the hard copy documents discussed in the program review report.

Gupton's Response: In response to this finding, Gupton indicated the institution reviewed its packaging procedures and determined that all students were initially packaged as full-time, with the Financial Aid Office adjusting awards as needed based on the enrolled hours as of census date; however, in some instances the institution acknowledged the budgets were not appropriately adjusted, causing students to be over-awarded. The institution indicated they utilize their computer system to perform all packaging and provided copies of the revised budgets to reviewers as part of its response.

Gupton also indicated they had reviewed the enrollment history of all students identified in the program review report in addition to all students who enrolled during the years in question to determine if individual COA budgets were required to be revised and determined a total of eight students were packaged improperly and were, therefore, over-awarded during the years in question.

Final Determination: Program reviewers examined the results of Gupton's examination of its policies and procedures in relation to COA construction and execution and determined that Gupton was making individual adjustments to student award packages as needed if student enrollment status changed after the initial award package was constructed in most instances. However, in several instances the Department determined student packages were not properly adjusted to reflect the student's enrollment status. In addition, reviewers determined other costs were not aligned as required. The Department reviewed the file reconstruction results that were provided by Gupton to ensure compliance with institutional policies and procedures and determine if any student over-awards were found. The review yielded several students who were considered over-awarded which was as Gupton previously had determined. Overall, Gupton failed to comply with its own policies and procedures effectively. In instances where loan funds could be reallocated from Subsidized Loan funds to Unsubsidized Loan funds, program reviewers did not consider Gupton to be out of compliance with COA requirements and required no additional action to be performed. In eight instances, however, students were awarded over their allowed COA; thus requiring funds to be returned.

Overall, Gupton improperly awarded and disbursed **\$15,607.00** in Direct Loan funds to students during the 2010-2011 and 2011-2012 award years. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on the most recent sector default rate available for institutions such as Gupton. As a result, the estimated actual loss that Gupton must pay to the Department for these ineligible loans is **\$0.00**. A copy of this calculation is included as Appendix F.

Finding 7. Failure to Adequately Monitor and Enforce Satisfactory Academic Progress Standards

Citation Summary: *An institution must establish a reasonable satisfactory academic progress (SAP) policy for determining whether an otherwise eligible student is making SAP in his or her educational program and may receive assistance under the Title IV, HEA programs. The Secretary considers the institution's policy to be reasonable if:*

1. *The policy is at least as strict as the policy the institution applies to a student who is not receiving assistance under the Title IV, HEA programs;*
2. *The policy provides for consistent application of standards to all students within categories of students, e.g., full-time, part-time, undergraduate, and graduate students, and educational programs established by the institution;*
3. *The policy provides that a student's academic progress is evaluated:*
 - a) *At the end of each payment period if the educational program is either one academic year in length or shorter than an academic year; or*
 - b) *For all other educational programs, at the end of each payment period or at least annually to correspond with the end of a payment period;*
4. *The policy specifies the grade point average (GPA) that a student must achieve at each evaluation, or if a GPA is not an appropriate qualitative measure, a comparable assessment measured against a norm; and if a student is enrolled in an educational program of more than two academic years, the policy specifies that at the end of the second academic year, the student must have a GPA of at least a "C" or its equivalent, or have academic standing consistent with the institution's requirements for graduation;*
5. *The policy specifies the pace at which a student must progress through his or her educational program to ensure that the student will complete the program within the maximum timeframe; provides for measurement of the student's progress at each evaluation; and the institution calculates the pace at which the student is progressing by dividing the cumulative number of hours the student has successfully completed by the cumulative number of hours the student has attempted. In making this calculation, the institution is not required to include remedial courses;*
6. *The policy describes how a student's GPA and pace of completion are affected by course incompletes, withdrawals, or repetitions, or transfers of credit from other institutions. Credit hours from another institution that are accepted toward the student's educational program must count as both attempted and completed hours;*
7. *The policy provides that, at the time of each evaluation, a student who has not achieved the required GPA, or who is not successfully completing his or her educational program at the required pace, is no longer eligible to receive assistance under the Title IV, HEA programs;*
8. *If the institution places students on financial aid warning, or on financial aid probation, as defined below, the policy describes these statuses and that:*

- a) *A student on financial aid warning may continue to receive assistance under the Title IV, HEA programs for one payment period despite a determination that the student is not making SAP. Financial aid warning status may be assigned without an appeal or other action by the student; and*
- b) *A student on financial aid probation may receive Title IV, HEA program funds for one payment period. While a student is on financial aid probation, the institution may require the student to fulfill specific terms and conditions such as taking a reduced course load or enrolling in specific courses. At the end of one payment period on financial aid probation, the student must meet the institution's SAP standards or meet the requirements of the academic plan developed by the institution and the student to qualify for further Title IV, HEA program funds;*
- 9. *If the institution permits a student to appeal a determination by the institution that he or she is not making SAP, the policy describes:*
 - a) *How the student may reestablish his or her eligibility to receive assistance under the Title IV, HEA programs;*
 - b) *The basis on which a student may file an appeal: The death of a relative, an injury or illness of the student, or other special circumstances; and*
 - c) *Information the student must submit regarding why the student failed to make SAP, and what has changed in the student's situation that will allow the student to demonstrate SAP at the next evaluation;*
- 10. *If the institution does not permit a student to appeal a determination by the institution that he or she is not making SAP, the policy must describe how the student may reestablish his or her eligibility to receive assistance under the Title IV, HEA programs; and*
- 11. *The policy provides for notification to students of the results of an evaluation that impacts the student's eligibility for Title IV, HEA program funds.*

The following definitions apply to the terms used in this regulation:

- 1) *Appeal means a process by which a student who is not meeting the institution's SAP standards petitions the institution for reconsideration of the student's eligibility for Title IV, HEA program assistance;*
- 2) *Financial aid probation means a status assigned by an institution to a student who fails to make SAP and who has appealed and has had eligibility for aid reinstated; and*
- 3) *Financial aid warning means a status assigned to a student who fails to make SAP at an institution that evaluates academic progress at the end of each payment period.*
- 4) *For an undergraduate program measured in clock hours, the maximum timeframe means a period that is no longer than 150 percent of the published length of the educational program, as measured by the cumulative number of clock hours the student is required to complete and expressed in calendar time.*

An institution that evaluates SAP at the end of each payment period and determines that a student is not making progress under its policy may nevertheless, disburse Title IV, HEA program funds to the student. For the payment period following the payment period in which the student did not make SAP, the institution may:

- 1) Place the student on financial aid warning, and disburse Title IV, HEA program funds to the student; or*
- 2) Place a student directly on financial aid probation, following the procedures and disburse Title IV, HEA program funds to the student. For the payment period following a payment period during which a student was on financial aid warning, the institution may place the student on financial aid probation, and disburse Title IV, HEA program funds to the student if:*
 - a) The institution evaluates the student's progress and determines that student did not make SAP during the payment period the student was on financial aid warning;*
 - b) The student appeals the determination; and*
 - c) The institution determines that the student should be able to meet the institution's SAP standards by the end of the subsequent payment period; or the institution develops an academic plan for the student that, if followed, will ensure that the student can meet the institution's SAP standards by a specific point in time.*
- 3) A student on financial aid probation for a payment period may not receive Title IV, HEA program funds for the subsequent payment period unless the student makes SAP or the institution determines that the student met the requirements specified by the institution in the academic plan for the student. 34 C.F.R. § 668.34*

Noncompliance Summary: *Gupton did not check both the qualitative and quantitative components of its SAP policy during the official evaluation checks performed at the end of each semester. The Registrar's Office performed the evaluation each semester; however, the evaluations only pertained to student eligibility based on the qualitative component, placing students on academic probation or academic suspension if their grade point average (GPA) fell below the required standards. In order to maintain satisfactory academic standing and retain eligibility, all students at Gupton were required to maintain a 1.5 cumulative GPA by the end of the first semester, 1.75 cumulative GPA by the end of the second semester, and a 2.0 cumulative GPA by the end of the third semester.*

Program reviewers were advised that neither the Registrar nor the Financial Aid Office monitored the quantitative component (pace of completion) of the institution's SAP policy. A review of Gupton's quantitative policies mandates students must complete a minimum of 67% of all credits attempted to be in compliance with SAP. Additionally, a review of Gupton's financial aid SAP policy indicates the institution excluded course withdrawals and repeat coursework when performing SAP calculations. At a minimum,

all course withdrawals and repeated coursework must count as attempted hours when calculating the pace of completion during a SAP evaluation.

Information obtained from Gupton's academic catalog for the 2011-2012 and 2012-2013 academic years indicate academic progress for all students is reviewed at the end of each semester. Any student who does not meet Gupton's SAP criteria is placed on academic probation for the next period of attendance; thus triggering financial aid "warning". Students may continue to attend classes and receive financial aid during what is considered their warning semester. Those not meeting scholastic standards after completion of this semester are placed on academic suspension and are suspended from taking classes for a minimum of one semester.

In reviewing student files and academic transcripts, however, reviewers documented several instances in which a student was not placed on warning or probation as required, receiving Title IV, HEA funds when deemed ineligible based on SAP standards. Examples of students not in compliance with Gupton's SAP policies, including those without monetary liabilities, are discussed below:

Student #2: *Student enrolled in the Associate of Science in Funeral Science Education in the fall 2011 semester. The student earned 0 of 6 hours attempted in the fall 2011 semester earning a cumulative GPA of 0.00. The student should have been placed on financial aid warning status for failure to meet the qualitative and quantitative components of the institution's SAP policy (1.5 GPA and 67% completion rate). The student did not return for the spring semester but did enroll as a full-time student for the summer 2012 semester. The student completed four of 15 hours attempted. The student should have been placed on financial aid probation (formally known as suspension) as the student did not meet the institution's SAP standards during a period the student should have been on SAP warning status. The student, however, enrolled and was considered to be in an eligible SAP status and eligible to receive Title IV, HEA funds for an additional semester. The student withdrew from the fall 2012 semester prior to the disbursement of Title IV, HEA funds. This student is also cited in Finding 13.*

Student #7: *Student enrolled in the Associate of Science in Funeral Science Education program in the summer 2011 semester. The student completed 1 of 12 hours attempted, earning a 2.00 cumulative GPA. The student should have been placed on financial aid warning status for failure to meet the quantitative components of the institution's SAP policy (67% completion rate). The student did not return for the fall 2011 semester; however, the student should remain on financial aid warning status upon return with communication to the student provided to the affect. This student is also cited in Findings 13 and 18.*

Student #8: *Student enrolled in the Associate of Science in Funeral Science Education program in the fall 2008 semester. The student completed six of 16 hours for the fall 2008 semester earning a cumulative GPA of 1.33. The student should have been placed*

on financial aid probation (now referred to as warning status as of July 1, 2011) for failure to meet the qualitative and quantitative components of the institution's SAP policy (1.5 GPA and 67% completion rate). The student enrolled for the spring 2009 semester, completing four of 10 hours with a 2.0 cumulative GPA. The student should have been placed on financial aid suspension as the student did not meet the institution's quantitative SAP standard (67% completion rate) during a period the student should have been on SAP warning status. Absent a successful SAP appeal, the student was no longer eligible to receive Title IV, HEA funds at Gupton. The student, however, enrolled and received Title IV, HEA funds for an additional six semesters with no evidence of an appeal. The student ceased attendance at the conclusion of fall 2011. At that time, the student had a 1.59 cumulative GPA and had completed 43% of all coursework. As the student never regained eligibility and no evidence of SAP appeal paperwork was included in the student's file, the student became ineligible for all Title IV, HEA funds after the completion of spring 2009. Overall, the student was ineligible to receive the following funds (detailed by award year):

- \$2,007.00 in Federal Pell Grant funds and \$1,750.00 in Federal Subsidized Stafford Loan funds for the summer 2009 semester*
- \$2,675.00 in Federal Pell Grant funds, \$100.00 in FSEOG funds, \$1,750.00 in Federal Subsidized Stafford Loan funds, and \$500.00 in Federal Unsubsidized Stafford Loan funds for the fall 2009 semester, \$2,675.00 in Federal Pell Grant funds, \$47.75 in FSEOG funds \$2,250.00 in Federal Subsidized, and \$1,000.00 in Federal Unsubsidized Stafford Loan funds for the spring 2010 semester, and \$900.00 in Federal Pell Grant funds, \$2,250.00 in Federal Subsidized Stafford Loan funds, and \$1,000.00 in Federal Unsubsidized Stafford Loan funds for the summer 2010 semester (2009-2010 Award Year)*
- \$2,063.00 in Federal Pell Grant funds, \$100.00 in FSEOG funds, \$2,250.00 in Federal Subsidized Stafford Loan funds, and \$1,000.00 in Federal Unsubsidized Stafford Loan funds for the fall 2010 semester (2010-2011 Award Year)*
- \$2,081.50 in Federal Pell Grant funds, \$50.00 in FSEOG funds, and \$1,750.00 in Federal Subsidized Stafford Loan funds for the fall 2011 semester (2011-2012 award year).*

This student is also cited in Findings 1, 3, 5, 13, 14, and 18.

Student #18: *Student enrolled in the Associate of Science in Funeral Service Education in the fall 2011 semester. In the fall semester, the student successfully completed 10 of 16 hours attempted earning a cumulative GPA of 1.69 with a completion rate of 63%. The student should have been placed on financial aid warning due to failure to meet the quantitative components of the institution's SAP policy (67% completion rate). The student subsequently met the institution's SAP standards in subsequent semesters.*

Student #31: *Student enrolled in the Associate of Science in Funeral Service Education in the fall 2010 semester and successfully completed their first semester. In the spring 2011 semester, the student completed 4 of 16 hours attempted earning a cumulative GPA of 1.69 with a completion rate of 50%. The student should have been placed on financial aid probation (now referred to warning status as of July 1, 2011) for failure to meet the qualitative and quantitative components of the institution's SAP policy (1.75 GPA and 67% completion rate). The student subsequently enrolled in the summer 2011 semester, completing five of 13 hours with a cumulative GPA of 2.09. The student should have been placed on financial aid suspension as the student did not meet the institution's quantitative SAP standard (67% completion rate) during a period the student should have been on SAP warning status. Absent a successful SAP appeal, the student was no longer eligible to receive Title IV, HEA funds at Gupton. The student, however, enrolled and received Title IV, HEA funds for an additional two semesters with no evidence of an appeal. At the time of the on-site program review, the student had a cumulative 2.0 GPA and had completed 52% of all coursework attempted. The student was packaged and scheduled to receive Title IV, HEA funds for the fall 2012 semester; however, the funds were not disbursed as of the on-site program review. As the student never regained eligibility and no evidence of SAP appeal paperwork was included in the student's file, the student became ineligible for all Title IV, HEA funds after the completion of the summer 2011 semester. Overall, the student was ineligible to receive the following funds (detailed by award year):*

- *\$1,387.50 in Federal Pell Grant funds, \$1,750.00 in Direct Subsidized Stafford Loan funds, and \$1,000.00 in Direct Unsubsidized Stafford Loan funds for the spring 2012 semester (2011-2012 award year)*
- *\$694.00 in Federal Pell Grant funds for the summer 2012 semester (2011-2012 award year).*

Student #32: *Student enrolled in the Associate of Science in Funeral Service Education in the fall 2011 semester, transferring 12 hours from previously attended institutions. For the fall 2011 semester, the student successfully completed four of 13 hours attempted, earning a cumulative GPA of 2.75. As the student did not successfully complete the rate of pace requirement established by Gupton of 67%, the student should have been placed on financial aid warning; however, as the GPA was satisfactory for academic purposes the Registrar did not forward information regarding the student to the Financial Aid Office. The student enrolled in the spring 2012 semester, earning 13 of 17 hours attempted with a cumulative GPA of 2.12. At the conclusion of spring 2012, the student's completion rate was 69%; thus, the student was meeting SAP standards. The student enrolled and received Title IV, HEA funds for the summer 2012 semester, completing three of 14 hours attempted for the summer 2012 semester earning a 2.05 cumulative GPA. The student should have been placed on financial aid warning status for failure to meet the quantitative components of the institution's SAP policy (67% completion rate) after completion of the summer 2012 semester. The student was enrolled in the fall 2012 semester at the time of the on-site program review.*

Required Action Summary: *Gupton was required to submit revised SAP policies and procedures that addresses each deficiency cited above and complies with applicable Title IV, HEA regulations. A copy of the revised SAP policies and procedures was required to be submitted to Kathy Feith within 30 days of receipt of this report. Upon acceptance of the revised policies and procedures, Gupton was required to apply the revised SAP policy to the required file review discussed below. For each student who received a disbursement of Title IV, HEA funds without meeting the applicable SAP requirements for the year in question, Gupton was required to identify the student specific identifying categories provided within the guidelines for the file review. For students who received disbursements without meeting the applicable standards Gupton was also required to provide legible hard copy documents, including student account cards, transcripts, SAP appeals by term, and applicable COD screen shots which detail any improper disbursements provided to students.*

Additionally, Gupton was required to provide assurances that it will appropriately monitor SAP in the future in accordance with applicable Title IV, HEA regulations.

Gupton's Response: Gupton indicated in its response that the institution reviewed the discussion in the program review regarding its SAP policy. Although program reviewers stated that pace was not monitored, it was determined the institution did monitor pace; however, as the Registrar performed the SAP function and did not consider W's to be problematic; students who withdrew were excluded from the SAP calculation—a key issue which resulted in the issues discussed in the finding. Gupton also stated they revised and clarified their policy to ensure all attempted coursework is considered when calculating SAP for Title IV, HEA purposes.

Gupton reviewed the students referenced in the program review report and concurred with the Department in the cases of Students #2, 7, 18, 31, and 32. In the case of Student #8, Gupton agreed with program reviewers in most instances of non-compliance; however, Gupton provided an approved SAP appeal for the student, which was submitted effective with the fall 2011 semester; thus, Gupton believes the student should be considered eligible for Title IV, HEA funds for the fall 2011 semester.

As part of the program review requirements, Gupton was required to review and update its SAP policy and then, utilizing the updated policy, perform a file reconstruction for all students for the years in question. Gupton updated its policy and submitted it to the Department on May 1, 2013 and was provided acceptance of the policy by the Department and subsequently performed the file reconstruction. As part of this reconstruction, Gupton identified 12 additional students who should have been considered ineligible to receive Title IV, HEA funds.

Final Determination: Program reviewers received the updated SAP policy and approved the policy as indicated above. Subsequently, Gupton was advised to perform the full file reconstruction. Program reviewers examined the file reconstruction results provided by

Gupton as well as the SAP appeal documentation for Student #8. The documentation on file supports the Title IV, HEA funds provided for the fall 2011 semester for Student #8; thus, no liability will result for this semester. A thorough review of the file reconstruction yielded 12 additional students who received Title IV, HEA funds improperly. In total, Gupton improperly provided funds to 14 students whose liabilities are detailed in Appendix B, Student Level Liabilities.

Overall, Gupton is responsible to return **\$47,223.00** in Federal Pell Grant funds to the Department for the students above as well as detailed in Appendix B who received Title IV, HEA funds while ineligible to receive funds for the years in question. Additionally, Gupton is liable for the cost of funds associated with the improper use of Federal Pell Grant funds. The total cost of funds liability due to the Department as a result of the failure to return Pell Grant funds drawn improperly is **\$2,191.00** (\$2,190.58 in Federal Pell Grant interest, *rounded*). The interest charges were computed using the cost of funds for Federal Pell Grant Program published in the Federal Register by the Department of the Treasury, effective from the date of disbursement to the date of this determination. Detailed information about this cost of funds liability determination may be found in Appendix G.

Additionally, Gupton improperly awarded and disbursed **\$102,303.00** in Direct Loan and FFEL loan funds to students during the 2008-2009, 2009-2010, 2010-2011, 2011-2012, and 2012-2013 award years. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on the most recent sector default rate available for institutions such as Gupton. As a result, the estimated actual loss that Gupton must pay to the Department for these ineligible loans is **\$4,485.00** (\$4,484.72, *rounded*). A copy of this calculation is included as Appendix F.

Gupton must notify all students in writing regarding payments made on their behalf. This notification must include the amount and the date of the payments.

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review determination is as follows. The liability amount in the chart below **unduplicated** liabilities. This information is provided so that the institution understands the liabilities associated with each finding.

Liabilities	Pell (Closed Award Year)	EALF DL
Finding 1	\$1,380.00	
Finding 4	\$45,587.50	\$2,832.00
Finding 6		\$0.00
Finding 7	\$47,223.00	\$4,485.00
Subtotal	\$94,190.50	\$7,317.00
Interest/SA	\$2,883.00	
Excess Cash		
Subtotal	\$2,883.00	
TOTAL	\$97,073.50	\$7,317.00
Payable To:		
Department		\$104,390.50

Estimated Actual Loss (EAL):

In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on Gupton's most recent cohort default rate available.

The total amount of Direct Loan and FFEL Stafford Loan funds (subsidized and unsubsidized) disbursed to students who were improperly verified, violated SAP requirements, or were awarded in excess of cost of attendance during the 2008-2009, 2009-2010, 2010-2011, 2011-2012, and 2012-2013 award years is **\$157,976.00**. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on Gupton's most recent cohort default rate available. As a result, the estimated actual loss that Gupton must pay to the Department for the ineligible loans is **\$7,317.00**. A copy of the results of that calculation is included as Appendix F.

E. Payment Instructions

1. Liabilities Owed to the Department

Gupton owes to the Department **\$104,390.50**. This liability must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. Gupton must make this transfer within **45 days of the date of this letter**. This repayment through FEDWIRE is made via the Federal Reserve Bank in New York. If Gupton's bank does not maintain an account at the Federal Reserve Bank, it must use the services of a correspondent bank when making the payments through FEDWIRE.

Any liability of \$100,000 or more identified through a program review must be repaid to the Department via FEDWIRE. The Department is unable to accept any other method of payment in satisfaction of these liabilities.

Payment and/or adjustments made via G5 will not be accepted as payment of this liability. Instead, the school must first make any required adjustments in COD as required by the applicable finding(s) and Section II – Instructions by Title IV, HEA Program (below), remit payment, and upon receipt of payment the Department will apply the funds to the appropriate G5 award (if applicable).

Instructions for completing the electronic fund transfer message format are included on the attached FEDWIRE form.

Terms of Payment

As a result of this final determination, the Department has created a receivable for this liability and payment must be received by the Department within **45 days of the date of this letter**. If payment is not received within the 45-day period, interest will accrue in monthly increments from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. Gupton is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, contact the Department's Accounts Receivable Group at (202) 245-8080 and ask to speak to Gupton's account representative.

If full payment cannot be made within **45** days of the date of this letter, contact the Department's Accounts Receivable Group to apply for a payment plan. Interest charges and other conditions apply. Written request may be sent to:

U.S. Department of Education
OCFO Financial Management Operations
Accounts Receivable Group
550 12th Street, S.W., Room 6114
Washington, DC 20202-4461

If within 45 days of the date of this letter, Gupton has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due Gupton from the Federal Government. **Gupton may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, Gupton must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

Direct Loan Estimated Actual Loss

Findings: 4, 6, and 7

Appendices: A, B, and F

DL Estimated Actual Loss (rounded by year)	
Amount	Award Year
\$32.00	2008-2009
\$139.00	2009-2010
\$2,719.00	2010-2011
\$4,019.00	2011-2012
\$408.00	2012-2013
Total	
\$7,317.00	

Gupton must pay the amount reflected above in Direct Loan estimated loss liabilities for the award year(s) reflected above. The liabilities will be applied to the general Direct Loan fund. This amount is also reflected in the total amount owed to the Department in Section 1 above.

4. Liabilities Owed to the Department in the case of Title IV Grants

Federal Pell Grant – Closed Award Year

Finding(s): 1, 4, and 7

Appendices: A, B, and G

Gupton must repay:

Federal Pell Grant Funds—Closed Award Year (rounded by year)			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$2,366.00	\$330.00	Federal Pell Grant	2008-2009
\$8,025.00	\$660.00	Federal Pell Grant	2009-2010
\$38,956.50	\$887.00	Federal Pell Grant	2010-2011
\$30,100.50	\$380.00	Federal Pell Grant	2011-2012
\$12,587.50	\$80.00	Federal Pell Grant	2012-2013
Total Principal	Total Interest		
\$92,035.50	\$2,337.00		

The disbursement record for each student identified in the B and G appendices to the applicable findings must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the Appendices B and G.

Adjustments in COD must be completed prior to remitting payment to the Department. Payment cannot be accepted via G5. Once the Department receives payment via FEDWIRE, the Department will apply the principal payment to the applicable G5 award. The interest will be applied to the general program account.

A copy of the adjustment to each student's COD record must be sent to Kathy Feith within 45 days of the date of this letter.

Federal Pell Grant Canceled Award Year

Finding: 7

Appendices: A, B, and G

Gupton must repay:

Federal Pell Grant Funds—Cancelled Award Year (rounded by year)			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$2,155.00	\$546.00	Federal Pell Grant	2007-2008
Total Principal	Total Interest		
\$2,155.00	\$546.00		

The liability above is for award years 5 years or older and student adjustments in the Common Origination and Disbursement (COD) system are no longer possible. Instead, the funds will be returned to the general program fund for the applicable Title IV program. In lieu of providing an updated COD record for the student referenced above, Gupton should update the student's ledger card to notate the adjustment and ensure there is a note in the student's file which demonstrates Gupton's compliance with the required return of funds. An updated ledger card which denotes the returned funds should be provided to Kathy Feith **within 45 days of the date of this letter.**

F. Appendices

Prepared for



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John A. Gupton College

**OPE ID 00885900
PRCN 2012 4 07 28034**

**Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division – Kansas City**

Program Review Report

April 10, 2013

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A. Institutional Information

John A. Gupton College
1616 Church Street
Nashville, TN 37203

Type: Private nonprofit,

Highest Level of Offering: Associate's Degree

Accrediting Agency: Southern Association of Colleges and Schools (SACS)

Current Student Enrollment: 150 (2012-2013)

% of Students Receiving Title IV: 77% (2012-2013)

Title IV Participation (G5)

2010-2011

Federal Pell Grant Program	\$338,408.00
Federal Supplemental Opportunity Education Grant (FSEOG)	\$ 8,796.00
FFELP Subsidized Stafford Loan	\$ 42,484.00
FFELP Unsubsidized Stafford Loan	\$ 54,762.00
FFELP PLUS Loan	\$ 2,050.00
Direct Subsidized Stafford Loan	\$276,887.00
Direct Unsubsidized Stafford Loan	\$346,174.00
Direct PLUS Loan	\$ 54,500.00

Default Rate FFEL/DL:	2010	8.5%
	2009	7.9%
	2008	6.3%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at John A. Gupton College (Gupton) from August 27, 2012 to August 30, 2012. The review was conducted by Ms. Kathy Feith and Mr. Roy Chaney.

The focus of the review was to determine Gupton's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of Gupton's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2011-2012 and 2012-2013 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. In addition, 2 files were judgmentally selected to review Gupton's campus-based program awarding and disbursing practices and 2 files were judgmentally selected to review Gupton's compliance with the Department's Satisfactory Academic Progress standards. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Gupton's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Gupton of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination (FPRD) letter.

C. Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by Gupton to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1. Improper Return of Title IV Funds Calculations

Citation: Federal regulations state that when a recipient of Title IV, HEA funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must perform a Return of Title IV Funds calculation to determine the amount of Title IV, HEA grant or loan assistance the student earned as of the student's withdrawal date. The calculation should incorporate all of the elements of a Return of Title IV Funds calculation identified in pertinent Federal regulations. 34 C.F.R. § 668.22

Federal regulations state that if the total amount of Title IV, HEA grant or loan assistance, or both, that the student earned is greater than the total amount of Title IV, HEA grant or loan assistance, or both, that was disbursed to the student or on behalf of the student in the case of a PLUS loan, as of the date of the institution's determination that the student withdrew, the difference between these amounts must be treated as a post-withdrawal disbursement. If outstanding charges exist on the student's account, the institution may credit the student's account up to the amount of outstanding charges with all or a portion of any grant funds and loan funds that make up the post-withdrawal disbursement. The institution must disburse directly to a student any amount of a post-withdrawal disbursement of grant funds that is not credited to the student's account. The institution must make the disbursement as soon as possible, but no later than 45 days after the date of the institution's determination that the student withdrew.

The institution must offer to disburse directly to a student, or parent in the case of a parent PLUS loan, any amount of a post-withdrawal disbursement of loan funds that is not credited to the student's account.

The institution must provide within 30 days of the date of the institution's determination that the student withdrew, a written notification to the student, or parent in the case of parent PLUS loan, that—

- (6) Requests confirmation of any post-withdrawal disbursement of loan funds that the institution wishes to credit to the student's account, identifying the type and amount of those loan funds and explaining that a student, or parent in the case of a parent PLUS loan, may accept or decline some or all of those funds;
- (7) Requests confirmation of any post-withdrawal disbursement of loan funds that the student, or parent in the case of a parent PLUS loan, can receive as a direct

disbursement, identifying the type and amount of these Title IV, HEA funds and explaining that the student, or parent in the case of a parent PLUS loan, may accept or decline some or all of those funds;

- (8) Explains that a student, or parent in the case of a parent PLUS loan, who does not confirm that a post-withdrawal disbursement of loan funds may be credited to the student's account may not receive any of those loan funds as a direct disbursement unless the institution concurs;
- (9) Explains the obligation of the student, or parent in the case of a parent PLUS loan, to repay any loan funds he or she chooses to have disbursed; and
- (10) Advises the student, or parent in the case of a parent PLUS loan, that no post-withdrawal disbursement of loan funds will be made, unless the institution chooses to make a post-withdrawal disbursement based on a late response, if the student or parent in the case of a parent PLUS loan, does not respond within 14 days of the date that the institution sent the notification, or a later deadline set by the institution.

An institution must document in the student's file the result of any notification made of the student's right to cancel all or a portion of loan funds or of the student's right to accept or decline loan funds, and the final determination made concerning the disbursement. 34 C.F.R. § 668.22(a)

For the purposes of the Return of Title IV Funds calculation, in each payment period or period of enrollment a pro rata schedule is used, up through the 60 percent point, to determine the amount of Title IV funds the student has earned at the time of withdrawal. After the 60 percent point in the payment period or period of enrollment, a student has earned 100 percent of the Title IV funds he or she was scheduled to receive during the period. For a student who withdraws after the 60 percent point-in-time, there are no unearned funds. However, a school must still complete a Return of Title IV Funds calculation in order to determine whether the student is eligible for a post-withdrawal disbursement. *2011-2012 Federal Student Aid Handbook, Volume 5, Chapter 2*

Noncompliance: In three respects, Gupton improperly performed Return of Title IV Funds calculations.

Returns calculated for attending students: On a systemic basis, Gupton incorrectly performed Return of Title IV Funds calculations for students who dropped to below half-time enrollment status but continued to attend the institution.

During interviews with Gupton's financial aid director on 08/27/2012, it was determined that it has been the policy of the institution to perform Return of Title IV Funds calculations for any Title IV, HEA recipient whose enrollment status falls below six credit hours. This policy was pursued in the belief that since a student is not eligible to receive Direct Loan funds for an enrollment status of less than six credit hours, then it was also true that a Return must be calculated for any student that dropped below half-time enrollment status.

For example, the financial aid file of Student #33 indicates that Gupton initially determined the student had dropped to a three-credit hour enrollment status on 06/21/2011. Based on its policy of performing Return calculations for students who fall below a six-credit hour enrollment status, Gupton performed a Return calculation on 06/27/2011 that indicated the student had completed 59.6 percent of the payment period. The Return identified \$660.60 in Direct Unsubsidized Stafford Loan funds that needed to be returned to the Department. Subsequent to the performance of the calculation, Gupton determined the student actually dropped to a three-credit hour enrollment status on or about 06/23/2011 (sic). This revised date resulted in a completion percentage for the payment period of over 60 percent, and Gupton determined that no return of Title IV, HEA funds was necessary.

A handwritten note from the student, dated 06/27/2011 and included in the student's file, also appears to indicate the student withdrew from all of his classes on 06/27/2011.

As a further example, the financial aid file of Student #34 indicates that the student withdrew from several courses and became enrolled in less than six credit hours on 10/11/2011. Based on its policy of performing Return calculations for students who fall below a six-credit hour enrollment status, Gupton performed a Return calculation on 10/13/2011 that indicated incorrectly the student had completed 47.1 percent of the payment period. The Return identified \$2,192.04 in Direct Unsubsidized Stafford Loan funds that needed to be returned to the Department. The Department's COD system indicates the Return was made on 10/24/2011.

Failure to calculate Returns beyond 60 percent point: On a systemic basis, Gupton has not performed Return calculations for students who have surpassed the 60 percent point in a term before withdrawing.

Institutions are required to perform Return of Title IV Funds calculations for all students who fail to complete a payment period to determine if a student is eligible for a post-withdrawal disbursement (PWD) and to ensure the institution correctly calculated the percentage of the payment period completed.

For example, the financial aid file of Student #8 indicates the student withdrew from the institution on 07/19/2010, at a point where the student had completed 82 percent of the 101-day payment period; however, Gupton did not perform a Return calculation.

During interviews with Gupton's financial aid director on 08/27/2012, the program review team confirmed that it was the policy of the institution not to perform any type of Return of Title IV Funds calculation for students who withdraw after completing at least 60 percent of the payment period.

Incorrect number of days in payment period: Although program reviewers determined that a Return calculation was not required for Student #33 and Student #34 at the time the student dropped to a less-than-half-time status, program reviewers noted that had one been required, Gupton utilized an incorrect number of days in the payment period for each

student. The Return calculation performed for Student #33 reflected 94 days in the payment period; based on Gupton's academic calendar, the correct number of days in the payment period was 101 days. The Return calculation performed for Student #34 reflected 104 days in the payment period; based on Gupton's academic calendar, the correct number of days in the payment period was 101 days.

Required Action: In response to this finding, as well as the Return of Title IV Funds issues raised in Finding 2, Gupton must provide comprehensive information for all Title IV, HEA recipients who officially or unofficially withdrew during the 2010-2011, 2011-2012, and 2012-2013 (year to date) award years. Gupton must identify and review the files of all Title IV, HEA recipients for whom a Return calculation was performed or should have been performed in any of the three award years.

For Returns found to have been paid late, not paid, improperly paid, improperly calculated, or not calculated, Gupton must provide the following information:

- (1) A spreadsheet that contains, for each Title IV, HEA recipient who officially or unofficially withdrew, the following information:
 - (a) Student's last name, first name;
 - (b) Student's Social Security number (last four digits only);
 - (c) Student's last date of attendance;
 - (d) Student's withdrawal date;
 - (e) The date Gupton determined the student withdrew;
 - (f) The date the original Return was calculated;
 - (h) The amount of Title IV, HEA funds returned, if applicable (organized by Title IV, HEA program);
 - (i) The date(s) the Return(s) were made (organized by Title IV, HEA program);
 - (j) Amount of post-withdrawal disbursement (PWD), if applicable;
 - (k) Title IV, HEA program from which PWD was made;
 - (l) Date PWD was paid;
 - (m) Date of corrected Return of Title IV Funds calculation, if applicable;
 - (n) Corrected amount of Return, if applicable;
 - (o) Difference between original and corrected Return, organized by Title IV, HEA program;
 - (p) Title IV, HEA program(s) to which corrected Return should be made, if applicable;
 - (q) Amount of corrected PWD that should be made, if applicable;
 - (r) Title IV, HEA program from which corrected PWD should be made, if applicable.

The spreadsheet should be organized first by award year, then by individual student. The spreadsheets should be compiled in an Excel spreadsheet program and submitted in CD-ROM format;

- (2) A copy of the complete original Return of Title IV Funds calculation worksheet for each Title IV, HEA recipient who withdrew in the 2010-2011, 2011-2012, and

2012-2013 (year to date) award years (Gupton must identify calculations first performed as a result of the PRR);

- (3) A copy of the complete corrected Return of Title IV Funds calculation, if applicable;
- (4) A copy of all pertinent student account cards for the Returns identified above. The account card should reflect the disbursements included in the Return calculation as well as the return of the Title IV funds, if applicable;
- (5) Legible copies of all audit trail documentation (i.e. wire transfer records on bank statements, institutional drawdown and refund reports, screen prints of Common Origination and Disbursement [COD] screens with pertinent detail information) to support the return of the funds to the Title IV, HEA accounts. The documentation must clearly identify the amount of the Return for the individual in question. If a Return was repaid to the Title IV, HEA programs by check, a legible copy of the cancelled check, front and back, must be submitted;
- (6) A copy of Gupton's official withdrawal form (or other official withdrawal documentation) for each Title IV, HEA recipient who officially withdrew, with the official date of withdrawal notated;
- (7) Copies of all pertinent attendance records supporting Gupton's determination of the student's last date of attendance;
- (8) In cases where a PWD was calculated, copies of documentation establishing the PWD was offered to the student or parent, and the student or parent's response to that offer. In cases where no such documentation is necessary, Gupton must provide documentation indicating the student, or parent in the case of a PLUS loan, was notified a PWD was made on their behalf, the amount of the disbursement, and the date that it occurred;
- (9) For unearned Title IV, HEA aid required to be returned by a student, copies of all supporting documentation establishing Gupton contacted the student and made appropriate repayment arrangements, as outlined in Federal regulations.

The Return of Title IV Funds spreadsheet discussed above should be compiled in an Excel spreadsheet program and submitted in CD-ROM format in the following manner:

Award year	Student's last name, first name	SSN, Last 4 Digits	Last date of attendance	Withdrawal date	Date of determination
2010-2011	Doe, Jane	***	06/20/2011	06/20/2011	06/24/2011
" "	Doe, Jill	" "	" "	" "	" "

(continued)

Date Return calculation performed	Amount of Return, if applicable	Title IV program	Date Return was made	Amount of PWD, if applicable	PWD program
" "	\$1,356.00	DL Sub	07/06/2011	" " "	" "
" "	\$312.00	Pell	07/04/2011	" " "	" "

(continued)

Date PWD paid	Date of corrected Return calculation, if applicable	Corrected amount of Return, if applicable	Difference between original and corrected calculation	Title IV program	Amount of corrected PWD, if applicable
" "	" "	\$1,356.00	\$0	DL Sub	" "
" "	" "	\$517.00	\$205.00	Pell	" "

(continued)

PWD program
n/a
" "

The following abbreviations should be used in the spreadsheet to indicate the various programs: Pell, FSEOG, DL Sub, DL Unsub, DL PLUS, and ACG.

Additionally, Gupton must review and revise its internal policies and procedures to ensure that Return of Title IV Fund calculations are performed properly and in a timely manner in the future. A copy of these procedures must accompany Gupton's response to this report.

Hard copy and electronic files containing PII must be safeguarded as described in the enclosure to the cover letter of this report. Instructions for repayment of any liabilities will be provided in the Final Program Review Determination (FPRD) letter. The institution must not attempt to repay any funds owed to the Department until the FPRD is issued.

Finding 2. Late Return of Title IV Funds

Citation: Federal regulations state that when a recipient of Title IV, HEA grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV, HEA grant or loan assistance (not including Federal Work Study or the non-federal share of FSEOG awards if an institution meets its FSEOG matching share by the individual recipient method or the aggregate method) that the student earned as of the student's withdrawal date. If the total amount of Title IV, HEA grant or loan assistance, or both, that the student earned is less than the amount of Title IV, HEA grant or loan assistance that was disbursed to the student or on behalf of the student in the case of a PLUS loan, as of the date of the institution's determination that the student withdrew, the difference between these amounts must be returned to the Title IV, HEA programs. If the total amount of Title IV, HEA grant or loan assistance, or both, that the student earned is greater than the total amount of Title IV, HEA grant or loan assistance, or both, that was disbursed to the student or on behalf of the student in the case of a PLUS loan, as of the date of the institution's determination that the student withdrew, the difference between these amounts must be treated as a post-withdrawal disbursement. 34 C.F.R. § 668.22(a)

A school must return unearned funds for which it is responsible as soon as possible, but no later than 45 days from the determination of a student's withdrawal. 34 C.F.R. § 668.22(j)(1)

Noncompliance: In one of four 2011-2012 and 2012-2013 Return of Title IV Funds calculations reviewed, Gupton failed to return the Title IV, HEA funds identified as unearned within the prescribed timeframe.

Student #4: The financial aid file indicates Gupton determined the student had unofficially withdrawn on 06/07/2012. A Return of Title IV Funds calculation was performed on 06/11/2012 which identified a Return of \$2,531.03 in Direct Unsubsidized Stafford Loan

funds. The student's account card indicates Gupton returned the funds on 06/12/2012; however, the Department's COD system reflects the \$2,531.03 in Direct Unsubsidized Stafford Loan funds was not returned to the Title IV, HEA program until 08/24/2012 33 days late. This student is also cited in Finding 4.

Required Action: A previous finding requires Gupton to review the records of all Title IV, HEA recipients who officially or unofficially withdrew during the 2010-2011, 2011-2012, and 2012-2013 (year to date) award years and identify any late, unpaid, improperly paid, improperly calculated, or uncalculated Return of Title IV Funds. Consequently, no additional action is required as a result of this finding at this time.

Finding 3. Excess Cash

Citation: The Department considers excess cash to be any amount of Title IV, HEA funds, other than Federal Perkins Loan Program funds, that an institution does not disburse to students or parents by the end of the third business day following the date the institution either (1) received those funds from the Secretary, or (2) deposited or transferred to its Federal account previously disbursed Title IV, HEA program funds received from the Department, such as those resulting from award adjustments, recoveries, or cancellations.

An institution may maintain for up to seven days an amount of excess cash that does not exceed one percent of the total amount of funds the institution drew down in the prior award year. The institution must return immediately to the Department any amount of excess cash over the one-percent tolerance and any amount remaining in its account after the seven-day tolerance period. 34 C.F.R. § 668.166

Noncompliance: In one instance within the 2011-2012 award year, Gupton drew Title IV, HEA funds and held them in its institutional operating account without obligating the funds to individual student accounts within the timeframe required by federal regulations.

Student #8: The Department's COD system reflects that Gupton drew down \$2,081.00 in Federal Pell Grant funds for the student on 09/13/2011. However, Gupton did not credit the Federal Pell Grant funds to the student's account until 10/15/2011 - 30 days beyond the standard timeframe for holding Title IV, HEA funds, and 25 days beyond the maximum timeframe, even though the funds had been requested via G5. This student is also cited in Findings 1, 5, 7, 13, 14, and 18.

Required Action: Gupton must devise and implement procedures to ensure Title IV, HEA funds drawn down from the Department's G5 system are disbursed to student accounts within the required timeframes. Gupton must include a copy of these enhanced fiscal management procedures with its response to this report.

Finding 4. Verification Incomplete/Incorrect

Citation: The purpose of verification is to ensure accuracy in determining a student's eligibility for Title IV, HEA program funds. If a student is selected for verification, an institution is responsible for confirming information reported on the student's application for Federal student aid, as well as resolving any conflicting information that presents itself regarding the application. The five required data elements that must be verified are: (1) household size; (2) number enrolled in college; (3) adjusted gross income (AGI); (4) U.S. income tax paid; and (5) other untaxed income and benefits. Supporting documentation collected from the student or parents is compared to the information that was reported on the student's Institutional Student Information Record (ISIR). An institution must retain in the student's file any verification documentation it collects to serve as evidence that it completed the verification process. 34 C.F.R. §§ 668.16(f), 668.24(c)(1)(i), and 668.56; *2011-2012 Application and Verification Guide*.

Beginning with the 2012-2013 award year, the Secretary will publish in the Federal Register notice the FAFSA information that an institution and an applicant may be required to verify. For each applicant whose FAFSA information is selected for verification by the Secretary, the Secretary will specify the specific information that must be verified. 34 C.F.R. § 668.56 (as revised 07/01/2012). The following chart from the 07/13/2011 Federal Register (Volume 76, Number 134) specifies the items required for verification for the 2012-2013 award year.

FAFSA information selected for verification	Acceptable documentation for FAFSA information selected for verification
All Applicants: Number of household members	A statement signed by both the applicant and one of the parents of a dependent student, or only the applicant if the applicant is an independent student that lists: (3) The names and age of each household member; and (4) The relationship of that household member to the applicant. Verification of the number of household members is not required if: (3) For a dependent student, the household size reported on the FAFSA is two and the parent is single, separated, divorced, or widowed; or three if the parents are married; or (4) For an independent student, the household size reported on the FAFSA is one and the applicant is single, separated, divorced, or widowed; or two if the applicant is married. 34 C.F.R. §668.57(b)
All applicants: Number of household members enrolled at least half-time in eligible postsecondary institutions	(3) A statement signed by both the applicant and one of the parents of a dependent student, or only the applicant if the applicant is an independent student, listing: a. The name and age of each household member who is or will be attending an eligible

	<p>postsecondary educational institution as at least a half-time student in the 2012-2013 award year; and</p> <p>b. The name of the eligible institution(s) that each household member is or will be attending during the 2012-2013 award year. 34 C.F.R. §668.57(c)</p> <p>(4) If an institution has reason to believe that an applicant's FAFSA information or the statement provided by the applicant regarding the number of household members enrolled in eligible postsecondary institutions is inaccurate, the institution must obtain a statement from each institution named by the applicant that the household member in question is or will be attending that institution on at least a half-time basis unless:</p> <p>c. The institution the student is attending determines that such a statement is not available because the household member in question has not yet registered at the institution he or she plans to attend; or</p> <p>d. The institution has information indicating that the household member in question will be attending the same institution as the applicant.</p> <p>Verification is not required if the reported number of household members enrolled at least half-time in eligible postsecondary institutions is one. 34 C.F.R. §668.57(c)(2)</p>
<p>All applicants: Food Stamps---Supplemental Nutrition Assistance Program (SNAP).</p>	<p>Documentation from the agency that issues the Food Stamps benefit or alternative documentation as determined by the institution to be sufficient to confirm that the applicant received Food Stamps in 2010 or 2011. 34 C.F.R. §668.57(d)</p>
<p>All applicants: Child Support Paid</p>	<p>(3) A statement signed by the applicant, spouse, or parent who paid child support certifying:</p> <p>(d) The amount of child support paid</p> <p>(e) The name of the person to whom child support was paid; and</p> <p>(f) The name of the children for whom child support was paid.</p> <p>(4) If the institution believes the information provided in the signed statement is inaccurate, the applicant must provide the institution with documentation such as:</p> <p>(d) A copy of the separation agreement or divorce decree that shows the amount of child support</p>

	<p>to be provided;</p> <p>(e) A statement from the individual receiving the child support showing the amount provided; or</p> <p>(f) Copies of the child support checks or money order receipts. 34 C.F.R. §668.57(d)</p>
<p>Income information for tax filers:</p> <p>Adjusted Gross Income (AGI)</p> <p>U.S. income tax paid</p> <p>Untaxed IRA Distributions</p> <p>Untaxed Pensions</p> <p>Education Credits</p> <p>IRA Deductions</p> <p>Tax Exempt Interest</p>	<p>(3) Information that the Secretary has identified as having been obtained from the Internal Revenue Service (IRS) (commonly referred to as the IRS Data Retrieval Process) and not having been changed.</p> <p>34 C.F.R. §668.57(a)(2)</p> <p>(4) If a tax filer is unable to provide the income information through the IRS Data Retrieval Process, a transcript obtained from the IRS that lists tax account information of the tax filer for the tax year 2011.</p> <p>34 C.F.R. §668.57(a)(1)(i)</p>
<p>Income Information for nontax filers:</p> <p>Income earned from work</p>	<p>For an individual that has not filed and, under IRS rules or other applicable government agency rules, is not required to file an income tax return:</p> <p>(2) A copy of IRS Form W-2 for each source of employment income received for tax year 2011.</p> <p>34 C.F.R. §668.57(a)(3)(i) and (a)(4)(i)(B); and</p> <p>(2) A signed statement certifying:</p> <p>(a) That the individual has not filed and is not required to file an income tax return for tax year 2011</p> <p>34 C.F.R. §668.57(a)(3)(i) and (a)(4)(i); and</p> <p>(b) The sources of income earned from work as reported on the FAFSA and amounts of income from each source from tax year 2011 that is not reported on IRS Form W-2.</p> <p>34 C.F.R. §668.57(a)(3)(i) and (a)(4)(i)</p>

Noncompliance: Gupton failed to correctly complete the verification process for the following students selected by the Department during the 2011-2012 and 2012-2013 award years.

Student #4: The student was selected for verification and disbursed Federal Pell Grant funds based on completed verification of Transaction 01 (1938 EFC) of the 2011-2012 ISIR. The student's household size and number in college were properly verified. However, a review of the student's 1040 tax return submitted in comparison to the information on the FAFSA reveals the student's AGI on the amended tax return was \$14,674.00 rather than \$14,377.00 which was on the FAFSA. Additionally, the amended tax returned indicated the student paid \$533.00 in federal taxes rather than \$707.00 which was on the FAFSA. As the total discrepancies exceeded the Department's tolerance threshold, Gupton was required to submit corrections prior to disbursement of Title IV, HEA funds. This student is also cited in Finding 2.

Student #6: The student was selected for verification and was disbursed Federal Pell Grant funds based on completed verification of Transaction 02 (3609 EFC) of the 2011-2012 ISIR. The student's household size, number in college, AGI, and tax paid were properly verified. However, a review of the parent's W2's indicates the parents received \$1,432.00 in untaxed income listed in Boxes 12 D and E which was not included on the ISIR. This student is also cited in Findings 13 and 14.

Student #10: The student was selected for verification and was disbursed Federal Subsidized and Unsubsidized Stafford Loan funds based on completed verification of Transaction 05 (6373 EFC) of the 2011-2012 ISIR. The student's household size, number in college, AGI, and tax paid were properly verified. However, a review of the IRS 1040 tax form indicates the student received a \$408.00 Education Credit which was not included on the ISIR. Additionally, as discussed in Finding 5, the student's file has conflicting information which was unresolved as of the on-site program review; thus, the school did not complete the verification process. This student is also cited in Findings 5 and 13.

Student #12: The student was selected for verification and was disbursed Federal Pell Grant funds based on completed verification of Transaction 02 (0465 EFC) of the 2011-2012 ISIR. The student's household size, number in college, AGI, and tax paid were properly verified. However, a review of the student's W2, collected as part of the verification process, indicates the student received \$2,034.25 in Box 12A which are considered as untaxed income for FAFSA purposes.

This student was also selected for verification for the 2012-2013 year; verification was completed on Transaction 02. The student's household size, number in college, AGI, and taxes paid were correct based on the tax document submitted; however, the student did not utilize the IRS Data Retrieval tool— requiring Gupton to collect an IRS Tax Transcript in lieu of a copy of the completed return. In addition, Gupton failed to include the \$578.00 Education Credit included on the 1040 tax document on the FAFSA.

Student #17: The student was selected for verification and was disbursed Federal Pell Grant funds based on completed verification of Transaction 08 (0482 EFC) of the 2011-2012 ISIR. The student's household size, number in college, AGI, and taxes paid were properly verified. However, the student's parents indicated \$3,600.00 in child support was paid out—a review of information in the file indicates the support was paid for student 17; as the student is part of the household, the child support paid amount should not be included on the ISIR; thus, the ISIR is incorrect. This student is also cited in Finding 5.

Student #20: The student was selected for verification for 2012-2013 award year and disbursed Federal Pell Grant funds based on completed verification of Transaction 04 (0000 EFC). A review of the ISIR reflects the student listed four family members in the house with one in college; however, the student listed five in the house and two in college on the Institutional Verification Form (IVF). The financial aid director utilized the information on the IVF without ensuring which data was correct. As there is conflicting information, resolution was required to ensure verification was correctly performed.

Student #29: The student was selected for verification for the 2012-2013 award year and disbursed Federal Pell Grant funds based on completed verification of Transaction 02 (0000 EFC). A review of the ISIR indicates the student did not utilize the IRS Data Retrieval; instead, the student submitted a copy of the 1040 tax return to the institution. Based on the new regulations effective July 1, 2012, Gupton was required to obtain a tax transcript for the student if the Data Retrieval tool was not used. Additionally, the student, as well as Gupton, did not ensure \$748.00 in Education Credits were included on the ISIR. Finally, Gupton failed to properly adjust the AGI to reflect \$23,359.00 based on the tax return rather than \$23,478.00 submitted on the FAFSA.

Student #30: The student was selected for verification for the 2012-2013 award year and disbursed Federal Pell Grant funds based on completed verification of Transaction 02 (0020 EFC). Although the elements were correctly verified, Gupton failed to obtain the signatures of the student and the parent on the verification worksheet.

Required Action: In response to this report, Gupton must resolve the verification deficiencies for the above-referenced students by obtaining the documentation necessary to complete the process. If the resolution of the issue involves changes to the student's income, or the addition of parental income not previously reported, Gupton must attempt to collect the required tax returns or other income-related information and recalculate the student's Title IV, HEA eligibility accordingly. If Gupton is unable to properly complete the verification process for any or all of the students, the institution may be held liable for all Title IV, HEA aid disbursed to those students in the relevant award years.

In addition, Gupton must review the student files of all Title IV, HEA recipients in the 2010-2011, 2011-2012, and 2012-2013 (year to date) award years. For any student who was selected for verification, Gupton must provide the following information in spreadsheet format, along with the required hard copy documentation listed below:

- (1) Student's last name and first name;
- (2) Social Security number (last four digits only);
- (3) Award year;
- (4) Date of Disbursement;
- (5) Amount of Disbursement;
- (6) Title IV, HEA program;
- (7) Indication of whether verification was completed for student (Y/N);
- (8) Indication of whether initial verification was accurate (Y/N);
- (9) Indication of whether recalculation was performed (Y/N);
- (10) Adjusted award based on recalculation;
- (11) Original EFC;
- (12) Recalculated EFC;
- (13) Revised award after recalculation;
- (14) Difference between original and revised award;
- (15) Legible copy of recalculation of student's Title IV, HEA eligibility, if applicable;

- | Student's Last Name, First Name | Last 4 SSN | Award Year | Date of Disbursement | Amount of Disbursement | Title IV Program | Verification Complete (Y/N) |
|---------------------------------|-----------------------------|------------------------|----------------------|------------------------|----------------------|---|
| * | Verification Accurate (Y/N) | Recalc Performed (Y/N) | Original EFC | Recalculated EFC | Revised Award Amount | Difference between Original and Revised Award |
| | | | | | | |
| | | | | | | |

Additionally, Gupton must review and revise its policies and procedures in relation to the verification process and provide copies to the Department as part of its response to the PRR.

Finding 5. Conflicting Information

In determining whether the institution's system for resolving conflicting information is adequate, the Secretary considers whether the institution obtains and reviews:

- (1) All student aid applications, need analysis documents, Statements of Educational Purpose, Statements of Registration Status, and eligibility notification documents presented by or on behalf of each applicant;

- (2) Any documents, including any copies of state and federal income tax returns, that are normally collected by the institution to verify information received from the student or other sources, and
- (3) Any other information normally available to the institution regarding a student's citizenship, previous educational experience, documentation of the student's social security number, or other factors relating to the student's eligibility for funds under the Title IV, HEA programs. 34 C.F.R. § 668.16(f)

If an institution has reason to believe that any information on an application used to calculate an EFC is inaccurate, it shall require the applicant to verify the information that it has reason to believe is inaccurate. 34 C.F.R. § 668.54(a)(3)

Students are considered to be independent per FAFSA standards if they are, or were upon reaching the age of majority, emancipated minors (released from control of their parent or guardian), or in legal guardianship, both as adjudicated by a court in their state of legal residence at the time of adjudication. *Application and Verification Guide, 2011-2012 FSA Handbook*.

Noncompliance: Gupton failed to resolve conflicting information relating to the following student's eligibility for student financial assistance as required under Title IV, HEA guidance.

Student #8: The student's financial aid file includes information for both the 2010-2011 and 2011-2012 award years. For the 2010-2011 award year, the student was selected for verification and provided parental information as he was considered a dependent student. For the 2011-2012 year, the student indicated on the ISIR he was unmarried and had "dependents other than spouse or child" whom he was supporting. In addition, he marked on the FAFSA there were two in the house and two in college. The student's AGI listed on the ISIR was \$9,146.00 with \$4,235.00 in income attributed to work. Gupton's verification policy indicates all students are automatically selected for verification if the income listed on the ISIR is under \$10,000.00. However, a note on the bottom of the ISIR, initialed by the financial aid director, indicates the student, "completed his FAFSA here in the FA Department and so no need to verify since DOE did not select him". Based on the institution's verification policy and the appearance of conflicting information between the 2010-2011 and 2011-2012 award year, Gupton was obligated to verify the correct processing information prior to disbursement. This student is also cited in Findings 3, 7, 13, 14, and 18.

Student #10: The student's financial aid file includes ISIRs for the 2009-2010, 2010-2011, and 2011-2012 award years. A review of the 2009-2010 and 2010-2011 ISIRs both reflect the student did not claim to be or have been in a legal guardianship at any time. The student was selected for verification in both years by the Department. In reviewing the dependency information on the ISIR for the 2011-2012 ISIR, completed on or about 02-28-2011, reviewers noted the student answered "no" to all dependency questions with exception to, "Is or was the student in a legal guardianship". However, in reviewing the

student's demographic information submitted to Gupton, the student lists her mother on the application. In addition, the student lists the same physical address for herself and her parent. During the onsite review, information to substantiate the student was in a legal guardianship was not available to reviewers. This student is also cited in Findings 4 and 13.

Student #17: The student's financial aid file includes a 2011-2012 ISIR dated 04/05/2011 and a 2012-2013 ISIR, dated 01/04/2012, that both reflect that the dependent student utilized her father's financial information, indicating the student received more than 50 percent of her support from her father. As such, the student included her father, stepmother, and three stepsisters in the household for FAFSA purposes. However, a 05/22/2012 e-mail from the student's stepmother to Gupton's financial aid director calls into question the student's claim to have resided with her father and stepmother.

The stepmother writes, in pertinent part:

"I requested for you not to use my tax information because it was wrong of you to do so. The student does not live with us and it is wrong of you to allow the student to falsely input information on the FAFSA. (The student) lives with her mother and not her father. Just because her father makes less than her mother and it would give the student more money toward her college, that does not give anyone the right to lie on the FAFSA..."

In response, Gupton's financial aid director stated, in part:

"(...) Any time a student comes from a broken home I have to rely on the information provided to me on verification worksheets and signed by the student's parent(s) (...) A student is considered to have 'resided' with a parent when they have spent at least 50% of their time with the parent before moving out to the college campus."

In rebuttal, the stepmother states, in part:

"(...) The only reason (the student's father) signed the papers was because you threatened him by stating (the student) could not finish school without starting over. (...) I have contacted the FAFSA department and informed them of the lies that have been taking place."

Additionally, a review of the student's complete file at Gupton, including Admissions, indicates the mother is listed on the rental agreement as a co-applicant and paid the deposit.

Additionally, the student's address is listed as the same as the mothers in (b)(6); (b)(7) with no indication or mention of the student's father in the file.

Although there is a 2011-2012 Verification Worksheet signed by the student's father that reflects the student receives more than 50% of support from her father and stepmother, there is no Verification Worksheet for the 2012-2013 award year. Additionally, there is no documentation in the file that addresses the stepmother's claim the parental information included on the 2012-2013 FAFSA is incorrect. Ultimately, it is unclear whether the student should have used her mother's income or her father's income on the 2012-2013 FAFSA or, for that matter, the 2011-2012 FAFSA. Department guidance on the FAFSA requires students who are not residing with either parent to use the parental information for

the parent last resided with or who last provided more than 50 percent of the student's support. This student is also cited in Finding 4.

Required Action: Gupton must review the files of Students #8, #10 and #17 and obtain documentation to resolve the three instances of conflicting information identified above.

In the case of Student #8, Gupton must either obtain documentation to support the student's claim that he was providing more than 50% of support for another individual in the 2011-2012 award year, or recalculate the student's Title IV, HEA eligibility for the 2011-2012 award year using the parent's income figures.

In the case of Student #10, Gupton must either obtain documentation to support the student's claim that she was under a legal guardianship in the 2011-2012 award year, or recalculate the student's Title IV, HEA eligibility for the 2011-2012 award year using the parent's income figures.

In the case of Student #17, Gupton must either obtain documentation to support the student's claim that she resided for over fifty percent of the year with the father in 2010 and 2011, or received over 50 percent of her financial support from the father in 2010 and 2011, or recalculate the student's Title IV, HEA eligibility for the 2010-2011 and 2011-2012 award years using a household size as well as income information based on the student residing with the mother.

If, for any of the students discussed above the Title IV, HEA eligibility changes as a result of the recalculation, Gupton must provide the following information:

- (1) Student's original EFC, organized by award year;
- (2) Title IV, HEA funds disbursed, organized first by award year, then by Title IV, HEA program, then amount, then dates of disbursement;
- (3) Recalculated EFC's, organized by award year;
- (4) Recalculated Title IV, HEA funds that should have been disbursed, organized first by award year, then by Title IV, HEA program, then amount;
- (5) Ineligible award amounts and refunds due the Title IV, HEA programs, organized by award year, then Title IV, HEA program, then amount; and

In the event Gupton cannot obtain the necessary supporting documentation and also cannot perform the recalculation of the student's Title IV, HEA eligibility because of insufficient information, the institution may be held liable for the full amount of Title IV, HEA funds disbursed to the student in the award years in question.

Additionally, Gupton must review and, as necessary, revise its internal policies and procedures to ensure that the institution resolves all instances of conflicting information prior to the disbursement of Title IV, HEA funds in the future. A copy of these procedures, in addition to the hard copy documentation to resolve the conflicting information for the students discussed in this finding, must accompany Gupton's response to this report.

Hard copy and electronic files containing PII must be safeguarded as described in the enclosure to the cover letter of this report. Instructions for repayment of any liabilities will be provided in the FPRD letter. The institution must not attempt to repay any funds owed to the Department until the FPRD is issued.

Finding 6. Incorrect Calculation of Cost of Attendance

Citation: The amount of need of any student for financial assistance is equal to

- (1) the cost of attendance (COA) of such student, minus
- (2) the expected family contribution for such student, minus
- (3) estimated financial assistance not received under the Title IV, Higher Education Act of 1965 Sec.471

For the purpose of calculating Title IV, HEA assistance, the term “cost of attendance” means—

- (1) tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study;
- (2) an allowance for books, supplies, transportation, and miscellaneous personal expenses, including a reasonable allowance for the documented rental or purchase of a personal computer, for a student attending the institution on at least a half-time basis, as determined by the institution;
- (3) an allowance (as determined by the institution) for room and board costs incurred by the student which—
 - (a) shall be an allowance determined by the institution for a student without dependents residing at home with parents;
 - (b) for students without dependents residing in institutionally owned or operated housing, shall be a standard allowance determined by the institution based on the amount normally assessed most of its residents for room and board; and
 - (c) for all other students shall be an allowance based on the expenses reasonably incurred by such students for room and board;
- (4) for less-than-half-time students (as determined by the institution) tuition and fees and an allowance for only books, supplies, and transportation (as determined by the institution) and dependent care expenses;
- (5) for a student engaged in a program of study by correspondence, only tuition and fees and, if required, books and supplies, travel, and room and board costs incurred specifically in fulfilling a required period of residential training;
- (6) for incarcerated students only tuition and fees and, if required, books and supplies;
- (7) for a student enrolled in an academic program in a program of study abroad approved for credit by the student's home institution, reasonable costs associated with such study (as determined by the institution at which such student is enrolled);

- (8) for a student with one or more dependents, an allowance based on the estimated actual expenses incurred for such dependent care, based on the number and age of such dependents;
- (9) for a student with a disability, an allowance (as determined by the institution) for those expenses related to the student's disability, including special services, personal assistance, transportation, equipment, and supplies that are reasonably incurred and not provided for by other assisting agencies;
- (10) for a student receiving all or part of the student's instruction by means of telecommunications technology, no distinction shall be made with respect to the mode of instruction in determining costs;
- (11) for a student engaged in a work experience under a cooperative education program, an allowance for reasonable costs associated with such employment (as determined by the institution); and
- (12) for a student who receives a loan under this or any other Federal law, or, at the option of the institution, a conventional student loan incurred by the student to cover a student's cost of attendance at the institution, an allowance for the actual cost of any loan fee, origination fee, or insurance premium charged to such student or such parent on such loan, or the average cost of any such fee or premium charged by the Secretary, lender, or guaranty agency making or insuring such loan. Higher Education Act of 1965 Sec.472

For the tuition and fees component, an institution can use the same average amount for all full-time students, instead of figuring the actual tuition and fees for each individual student. An institution can have different standard costs for different categories of students, such as a cost of attendance for out-of-state students (who have higher tuition) and a lower cost of attendance for in-state students. However, an institution cannot combine the COA figures for each separate enrollment status and award aid to a student on the basis of the average COA. Students must be awarded on the basis of a COA comprised of allowable costs assessed all students carrying the same academic workload. *2010-2011 and 2011-2012 Federal Student Aid Handbook*

Noncompliance: Gupton does not make adjustments to the COA for students enrolled less than full time. The financial aid director indicated she does all COA computations based on the average enrollment time it takes students to complete the program—as the program takes two years (62 hours), she projects the enrollment to be 16 hours per semester.

The following students were enrolled less than full-time but were assigned full-time budgets, potentially resulting in over-awarding of Title IV, HEA funds.

Student #1 was enrolled less-than-half-time for fall 2011 and summer 2012.

Student #8 was enrolled three-quarter time for summer 2010, fall 2010, and fall 2011. The student was not enrolled for spring 2011; however, the COA was designated for a full award year.

Student #16 was enrolled three-quarter-time for summer 2011, half-time for spring 2012, and less-than half-time for summer 2012.

Student # 22 was enrolled three-quarter time for fall 2011, less-than-half-time for spring 2012, and three-quarter time for summer 2012. It should be noted this student has always enrolled in less than full-time enrollment since beginning attendance at Gupton in fall 2009 but has been packaged as a full-time student each semester.

Required Action: In response to this finding, Gupton must develop a COA budget for students who enroll less than full time, as well as a budget for students who enroll less-than-half-time. Gupton must review the enrollment history of all Title IV, HEA recipients who enrolled during the 2010-2011, 2011-2012, and 2012-2013 (year to date) award years and identify those students who enrolled less than full time for any term during these award years and recalculate each student's eligibility based on the applicable revised COA budget based on the student's actual enrollment status. For each student identified, Gupton must provide the following information in spreadsheet format as shown below along with required hard copy documentation (items j and k listed below):

- a. Student's last name, first name;
- b. Social Security number (last four digits only);
- c. Award year;
- d. Date of Disbursement;
- e. Amount of Disbursement;
- f. Title IV, HEA program;
- g. Original COA;
- h. Recalculated COA;
- i. Revised Title IV, HEA award amount based on recalculation (organized first by award year and then Title IV, HEA program);
- j. Legible copy of recalculation of student's Title IV, HEA eligibility, if applicable;
- k. Legible copy of student's original account card.

Student's Last Name, First Name	Last 4 Digits SSN	Award Year	Date of Disbursement	Amount of Disbursement	Title IV Program	Original COA	Recalculated COA	Revised Title IV Award
Doc, Jim	5649	2010-2011	3/15/2011	\$2,675.00	Pell	9999	8888	\$2,675.00
				\$1,742.00	Sub	9999	8888	\$1,000.00

Hard copy and electronic files containing PII must be safeguarded as described in the enclosure to the cover letter of this report. Instructions for repayment of any liabilities will be provided in the FPRD letter. The institution must not repay any funds owed to the Department until the FPRD is issued.

Finding 7. Failure to Adequately Monitor and Enforce Satisfactory Academic Progress Standards

Citation: An institution must establish a reasonable satisfactory academic progress (SAP) policy for determining whether an otherwise eligible student is making SAP in his or her educational program and may receive assistance under the Title IV, HEA programs. The Secretary considers the institution's policy to be reasonable if:

1. The policy is at least as strict as the policy the institution applies to a student who is not receiving assistance under the Title IV, HEA programs;
2. The policy provides for consistent application of standards to all students within categories of students, e.g., full-time, part-time, undergraduate, and graduate students, and educational programs established by the institution;
3. The policy provides that a student's academic progress is evaluated:
 - a) At the end of each payment period if the educational program is either one academic year in length or shorter than an academic year; or
 - b) For all other educational programs, at the end of each payment period or at least annually to correspond with the end of a payment period;
4. The policy specifies the grade point average (GPA) that a student must achieve at each evaluation, or if a GPA is not an appropriate qualitative measure, a comparable assessment measured against a norm; and if a student is enrolled in an educational program of more than two academic years, the policy specifies that at the end of the second academic year, the student must have a GPA of at least a "C" or its equivalent, or have academic standing consistent with the institution's requirements for graduation;
5. The policy specifies the pace at which a student must progress through his or her educational program to ensure that the student will complete the program within the maximum timeframe; provides for measurement of the student's progress at each evaluation; and the institution calculates the pace at which the student is progressing by dividing the cumulative number of hours the student has successfully completed by the cumulative number of hours the student has attempted. In making this calculation, the institution is not required to include remedial courses;
6. The policy describes how a student's GPA and pace of completion are affected by course incompletes, withdrawals, or repetitions, or transfers of credit from other institutions. Credit hours from another institution that are accepted toward the student's educational program must count as both attempted and completed hours;
7. The policy provides that, at the time of each evaluation, a student who has not achieved the required GPA, or who is not successfully completing his or her educational program at the required pace, is no longer eligible to receive assistance under the Title IV, HEA programs;
8. If the institution places students on financial aid warning, or on financial aid probation, as defined below, the policy describes these statuses and that:
 - a) A student on financial aid warning may continue to receive assistance under the Title IV, HEA programs for one payment period despite a determination

- that the student is not making SAP. Financial aid warning status may be assigned without an appeal or other action by the student; and
- b) A student on financial aid probation may receive Title IV, HEA program funds for one payment period. While a student is on financial aid probation, the institution may require the student to fulfill specific terms and conditions such as taking a reduced course load or enrolling in specific courses. At the end of one payment period on financial aid probation, the student must meet the institution's SAP standards or meet the requirements of the academic plan developed by the institution and the student to qualify for further Title IV, HEA program funds;
- 9. If the institution permits a student to appeal a determination by the institution that he or she is not making SAP, the policy describes:
 - a) How the student may reestablish his or her eligibility to receive assistance under the Title IV, HEA programs;
 - b) The basis on which a student may file an appeal: The death of a relative, an injury or illness of the student, or other special circumstances; and
 - c) Information the student must submit regarding why the student failed to make SAP, and what has changed in the student's situation that will allow the student to demonstrate SAP at the next evaluation;
 - 10. If the institution does not permit a student to appeal a determination by the institution that he or she is not making SAP, the policy must describe how the student may reestablish his or her eligibility to receive assistance under the Title IV, HEA programs; and
 - 11. The policy provides for notification to students of the results of an evaluation that impacts the student's eligibility for Title IV, HEA program funds.

The following definitions apply to the terms used in this regulation:

- 1) Appeal means a process by which a student who is not meeting the institution's SAP standards petitions the institution for reconsideration of the student's eligibility for Title IV, HEA program assistance;
- 2) Financial aid probation means a status assigned by an institution to a student who fails to make SAP and who has appealed and has had eligibility for aid reinstated; and
- 3) Financial aid warning means a status assigned to a student who fails to make SAP at an institution that evaluates academic progress at the end of each payment period.
- 4) For an undergraduate program measured in clock hours, the maximum timeframe means a period that is no longer than 150 percent of the published length of the educational program, as measured by the cumulative number of clock hours the student is required to complete and expressed in calendar time.

An institution that evaluates SAP at the end of each payment period and determines that a student is not making progress under its policy may nevertheless, disburse Title IV, HEA program funds to the student. For the payment period following the payment period in which the student did not make SAP, the institution may:

- 1) Place the student on financial aid warning, and disburse Title IV, HEA program funds to the student; or

- 2) Place a student directly on financial aid probation, following the procedures and disburse Title IV, HEA program funds to the student. For the payment period following a payment period during which a student was on financial aid warning, the institution may place the student on financial aid probation, and disburse Title IV, HEA program funds to the student if:
 - a) The institution evaluates the student's progress and determines that student did not make SAP during the payment period the student was on financial aid warning;
 - b) The student appeals the determination; and
 - c) The institution determines that the student should be able to meet the institution's SAP standards by the end of the subsequent payment period; or the institution develops an academic plan for the student that, if followed, will ensure that the student can meet the institution's SAP standards by a specific point in time.
- 3) A student on financial aid probation for a payment period may not receive Title IV, HEA program funds for the subsequent payment period unless the student makes SAP or the institution determines that the student met the requirements specified by the institution in the academic plan for the student. 34 C.F.R. § 668.34

Noncompliance: Gupton did not check both the qualitative and quantitative components of its SAP policy during the official evaluation checks performed at the end of each semester. The Registrar's Office performed the evaluation each semester; however, the evaluations only pertained to student eligibility based on the qualitative component, placing students on academic probation or academic suspension if their grade point average (GPA) fell below the required standards. In order to maintain satisfactory academic standing and retain eligibility, all students at Gupton were required to maintain a 1.5 cumulative GPA by the end of the first semester, 1.75 cumulative GPA by the end of the second semester, and a 2.0 cumulative GPA by the end of the third semester.

Program reviewers were advised that neither the Registrar nor the Financial Aid Office monitored the quantitative component (pace of completion) of the institution's SAP policy. A review of Gupton's quantitative policies mandates students must complete a minimum of 67% of all credits attempted to be in compliance with SAP. Additionally, a review of Gupton's financial aid SAP policy indicates the institution excluded course withdrawals and repeat coursework when performing SAP calculations. At a minimum, all course withdrawals and repeated coursework must count as attempted hours when calculating the pace of completion during a SAP evaluation.

Information obtained from Gupton's academic catalog for the 2011-2012 and 2012-2013 academic years indicate academic progress for all students is reviewed at the end of each semester. Any student who does not meet Gupton's SAP criteria is placed on academic probation for the next period of attendance; thus triggering financial aid "warning". Students may continue to attend classes and receive financial aid during what is considered their warning semester. Those not meeting scholastic standards after completion of this

semester are placed on academic suspension and are suspended from taking classes for a minimum of one semester.

In reviewing student files and academic transcripts, however, reviewers documented several instances in which a student was not placed on warning or probation as required, receiving Title IV, HEA funds when deemed ineligible based on SAP standards. Examples of students not in compliance with Gupton's SAP policies, including those without monetary liabilities, are discussed below:

Student #2: Student enrolled in the Associate of Science in Funeral Science Education in the fall 2011 semester. The student earned 0 of 6 hours attempted in the fall 2011 semester earning a cumulative GPA of 0.00. The student should have been placed on financial aid warning status for failure to meet the qualitative and quantitative components of the institution's SAP policy (1.5 GPA and 67% completion rate). The student did not return for the spring semester but did enroll as a full-time student for the summer 2012 semester. The student completed four of 15 hours attempted. The student should have been placed on financial aid probation (formally known as suspension) as the student did not meet the institution's SAP standards during a period the student should have been on SAP warning status. The student, however, enrolled and was considered to be in an eligible SAP status and eligible to receive Title IV, HEA funds for an additional semester. The student withdrew from the fall 2012 semester prior to the disbursement of Title IV, HEA funds. This student is also cited in Finding 13.

Student #7: Student enrolled in the Associate of Science in Funeral Science Education program in the summer 2011 semester. The student completed 1 of 12 hours attempted, earning a 2.00 cumulative GPA. The student should have been placed on financial aid warning status for failure to meet the quantitative components of the institution's SAP policy (67% completion rate). The student did not return for the fall 2011 semester; however, the student should remain on financial aid warning status upon return with communication to the student provided to the affect. This student is also cited in Findings 13 and 18.

Student #8: Student enrolled in the Associate of Science in Funeral Science Education program in the fall 2008 semester. The student completed six of 16 hours for the fall 2008 semester earning a cumulative GPA of 1.33. The student should have been placed on financial aid probation (now referred to as warning status as of July 1, 2011) for failure to meet the qualitative and quantitative components of the institution's SAP policy (1.5 GPA and 67% completion rate). The student enrolled for the spring 2009 semester, completing four of 10 hours with a 2.0 cumulative GPA. The student should have been placed on financial aid suspension as the student did not meet the institution's quantitative SAP standard (67% completion rate) during a period the student should have been on SAP warning status. Absent a successful SAP appeal, the student was no longer eligible to receive Title IV, HEA funds at Gupton. The student, however, enrolled and received Title IV, HEA funds for an additional six semesters with no evidence of an appeal. The student ceased attendance at the conclusion of fall 2011. At that time, the student had a 1.59

cumulative GPA and had completed 43% of all coursework. As the student never regained eligibility and no evidence of SAP appeal paperwork was included in the student's file, the student became ineligible for all Title IV, HEA funds after the completion of spring 2009. Overall, the student was ineligible to receive the following funds (detailed by award year):

- \$2,007.00 in Federal Pell Grant funds and \$1,750.00 in Federal Subsidized Stafford Loan funds for the summer 2009 semester
- \$2,675.00 in Federal Pell Grant funds, \$100.00 in FSEOG funds, \$1,750.00 in Federal Subsidized Stafford Loan funds, and \$500.00 in Federal Unsubsidized Stafford Loan funds for the fall 2009 semester, \$2,675.00 in Federal Pell Grant funds, \$47.75 in FSEOG funds \$2,250.00 in Federal Subsidized, and \$1,000.00 in Federal Unsubsidized Stafford Loan funds for the spring 2010 semester, and \$900.00 in Federal Pell Grant funds, \$2,250.00 in Federal Subsidized Stafford Loan funds, and \$1,000.00 in Federal Unsubsidized Stafford Loan funds for the summer 2010 semester (2009-2010 Award Year)
- \$2,063.00 in Federal Pell Grant funds, \$100.00 in FSEOG funds, \$2,250.00 in Federal Subsidized Stafford Loan funds, and \$1,000.00 in Federal Unsubsidized Stafford Loan funds for the fall 2010 semester (2010-2011 Award Year)
- \$2,081.50 in Federal Pell Grant funds, \$50.00 in FSEOG funds, and \$1,750.00 in Federal Subsidized Stafford Loan funds for the fall 2011 semester (2011-2012 award year).

This student is also cited in Findings 1, 3, 5, 13, 14, and 18.

Student #18: Student enrolled in the Associate of Science in Funeral Service Education in the fall 2011 semester. In the fall semester, the student successfully completed 10 of 16 hours attempted earning a cumulative GPA of 1.69 with a completion rate of 63%. The student should have been placed on financial aid warning due to failure to meet the quantitative components of the institution's SAP policy (67% completion rate). The student subsequently met the institution's SAP standards in subsequent semesters.

Student #31: Student enrolled in the Associate of Science in Funeral Service Education in the fall 2010 semester and successfully completed their first semester. In the spring 2011 semester, the student completed 4 of 16 hours attempted earning a cumulative GPA of 1.69 with a completion rate of 50%. The student should have been placed on financial aid probation (now referred to warning status as of July 1, 2011) for failure to meet the qualitative and quantitative components of the institution's SAP policy (1.75 GPA and 67% completion rate). The student subsequently enrolled in the summer 2011 semester, completing five of 13 hours with a cumulative GPA of 2.09. The student should have been placed on financial aid suspension as the student did not meet the institution's quantitative SAP standard (67% completion rate) during a period the student should have been on SAP warning status. Absent a successful SAP appeal, the student was no longer eligible to receive Title IV, HEA funds at Gupton. The student, however, enrolled and received Title IV, HEA funds for an additional two semesters with no evidence of an appeal. At the time of the on-site program review, the student had a cumulative 2.0 GPA and had completed

52% of all coursework attempted. The student was packaged and scheduled to receive Title IV, HEA funds for the fall 2012 semester; however, the funds were not disbursed as of the on-site program review. As the student never regained eligibility and no evidence of SAP appeal paperwork was included in the student's file, the student became ineligible for all Title IV, HEA funds after the completion of the summer 2011 semester. Overall, the student was ineligible to receive the following funds (detailed by award year):

- \$1,387.50 in Federal Pell Grant funds, \$1,750.00 in Direct Subsidized Stafford Loan funds, and \$1,000.00 in Direct Unsubsidized Stafford Loan funds for the spring 2012 semester (2011-2012 award year)
- \$694.00 in Federal Pell Grant funds for the summer 2012 semester (2011-2012 award year).

Student #32: Student enrolled in the Associate of Science in Funeral Service Education in the fall 2011 semester, transferring 12 hours from previously attended institutions. For the fall 2011 semester, the student successfully completed four of 13 hours attempted, earning a cumulative GPA of 2.75. As the student did not successfully complete the rate of pace requirement established by Gupton of 67%, the student should have been placed on financial aid warning; however, as the GPA was satisfactory for academic purposes the Registrar did not forward information regarding the student to the Financial Aid Office. The student enrolled in the spring 2012 semester, earning 13 of 17 hours attempted with a cumulative GPA of 2.12. At the conclusion of spring 2012, the student's completion rate was 69%; thus, the student was meeting SAP standards. The student enrolled and received Title IV, HEA funds for the summer 2012 semester, completing three of 14 hours attempted for the summer 2012 semester earning a 2.05 cumulative GPA. The student should have been placed on financial aid warning status for failure to meet the quantitative components of the institution's SAP policy (67% completion rate) after completion of the summer 2012 semester. The student was enrolled in the fall 2012 semester at the time of the on-site program review.

Required Action: Gupton must submit revised SAP policies and procedures that addresses each deficiency cited above and complies with applicable Title IV, HEA regulations. A copy of the revised SAP policies and procedures must be submitted to Kathy Feith within 30 days of receipt of this report. Upon acceptance of the revised policies and procedures, Gupton must apply the revised SAP policy to the required file review discussed below. In addition, Gupton must provide assurances that it will appropriately monitor SAP in the future in accordance with applicable Title IV, HEA regulations.

For each student who received a disbursement of Title IV, HEA funds without meeting the institution's SAP requirements during the 2009-2010, 2010-2011, 2011-2012, and 2012-2013 (year to date), Gupton must provide the following information in a spreadsheet format and include all the elements below.

1. Award Year;
2. Student's last name, first name;
3. Social Security number (last four digits only);
4. Date of ineligible disbursement(s) by term;

5. Student's degree program;
6. Total hours attempted by term;
7. Total hours earned by term;
8. Student's quantitative completion percentage at the time of disbursement;
9. Student's cumulative GPA at the time of disbursement;
10. Amount of Title IV, HEA funds disbursed to the student, organized by Title IV, HEA program;
11. Date student regained eligibility for Title IV, HEA funds, if applicable; and
12. Status of SAP Appeal, if applicable
13. Date of student SAP Appeal, if applicable.

For each student who received a disbursement of Title IV, HEA funds without meeting the institution's SAP requirements each semester, Gupton also must provide legible copies of the following documents:

1. Complete Student account card;
2. Complete Academic transcript;
3. Copies of SAP Appeals by term, if applicable; and
4. Pertinent COD screen shots indicating amounts and dates of disbursements and NSLDS screen shots for Direct Stafford loans indicating amounts and loan periods.

The SAP spreadsheet discussed above should be compiled in an Excel spreadsheet program and submitted in CD-ROM format in the following manner:

Award year	Student Last Name, First Name	Last Four Digits SSN	Date of ineligible Disbursement	Degree Program	Total Hours Attempted	Total Hours Earned	Quantitative Completion %	Cumulative GPA	Amount of PELL Disbursement
2010-2011	***	****	05/23/2010	Associate	40	64	62.5%	1.5	\$2,025

Amount of FSEOG Disbursement	Amount of Subsidized Direct Loan Disbursement	Amount of Unsubsidized Direct Loan Disbursement	Amount of PLUS Direct Loan Disbursement	Date Student Regained Eligibility	SAP Appeal?	Date of SAP Appeal
\$100	\$1,750	\$2,000	n/a	n/a	y/n	01/01/2011

Hard copy and electronic files containing PII must be safeguarded as described in the enclosure to the cover letter of this report. Instructions for repayment of any liabilities will be provided in the FPRD letter. The institution must not repay any funds owed to the Department until the FPRD is issued.

Finding 8. Federal Supplemental Educational Opportunity Grant (FSEOG) Awarding Policy Inadequate

Citation: In selecting among eligible students for FSEOG awards in each award year, an institution shall select those students with the lowest expected family contributions who will also receive Federal Pell Grants in that year. If the institution has FSEOG funds remaining after giving FSEOG awards to all the Federal Pell Grant recipients at the institution, the institution shall award the remaining FSEOG funds to those eligible students with the lowest expected family contributions who will not receive Federal Pell Grants. If an institution's allocation of FSEOG funds is directly or indirectly based in part on the financial need demonstrated by students attending the institution as less-than-full-time or independent students, a reasonable portion of the allocation must be offered to those students. 34 C.F.R. § 676.10 (a)(1)(2)(b)

(a) An institution may award an FSEOG for an academic year in an amount it determines a student needs to continue his or her studies. However, except as provided in paragraph (c) of this section, an FSEOG may not be awarded for a full academic year that is less than \$100 or more than \$4,000. 34 C.F.R. § 676.20 (a)(c)(1)-(3). Additionally, an institution shall pay in each payment period a portion of an FSEOG awarded for a full academic year. 34 C.F.R. § 676.16 (a)(1)

Noncompliance: Gupton's packaging policy indicates FSEOG funds are available to Federal Pell Grant recipients and references those with greatest need; however, there is no discussion of award amounts. In reviewing the files, it appears Gupton awards amounts ranging from \$100.00 per year to an undetermined maximum institution award, depending on extreme demonstrated need. However, the criteria of what substantiates extreme need is not discussed or explained. For example, Student #32 was awarded \$2,230.00 in FSEOG funds with no documentation in the file explaining why this student's award was significantly more than awards in previous files examined by program reviewers. The financial aid director indicated the school was aware this student had need and had previously been homeless; however, there is no documentation in the file to support the award which varies from the standard package of \$175.00 per year which can be observed in other student financial aid files. In several instances, including 20 students who received FSEOG for the previous award year, Gupton gave FSEOG to students with Expected Family Contributions (EFC) above 0, including Student #12, when there were 20 students with zero EFCs who did not receive FSEOG. Although there is no prohibition to awarding FSEOG to students with EFCs higher than zero, Department regulation indicates students with the most need should be the priority recipients of FSEOG funds with secondary awarding done after those with the highest need are exhausted.

Additionally, a review of Title IV, HEA recipients at Gupton indicates in many instances students were only receiving one disbursement of FSEOG for the complete academic year, including Student #9, #11, #13 and #14. A review of the FISAP data submitted to the Department shows five of the 59 students awarded FSEOG funds received less than the

allowed minimum award required in the Federal regulation, including Student #31 who received \$37.00.

Required Action: In response to this report, Gupton must provide an explanation regarding the students referenced above as well as provide revised policies and procedures which ensure that students will be properly and consistently awarded FSEOG funds based on Department guidelines.

Finding 9. FSEOG Not Included as Title IV, HEA Funds on Award Letter

Citation: Prior to the disbursement of Title IV, HEA program funds in an award year, an institution must notify a student of the amount of Title IV, HEA funds that the student or his or her parent may expect to receive under each Title IV, HEA program. 34 C.F.R. § 668.165(a)(1)

Noncompliance: Gupton uses its award letter to students to comply with the notification requirements of 34 C.F.R. § 668.165(a)(1). In the case of two students in the sample reviewed for the 2011-2012 award year who were FSEOG recipients, Gupton disbursed FSEOG funds to the students but did not inform them in their award letters that they would be receiving FSEOG funds for the 2011-2012 award year. As of the program review, Gupton had not awarded FSEOG funds for the 2012-2013 award year; thus, no examples were available for discussion.

Student #11: The student was enrolled in 17 credits in the spring 2012 semester and 17 credits in the summer 2012 semester; therefore classified as a full-time student in both terms. The student had an EFC of 0, warranting a full-time Federal Pell Grant award of \$5,550.00 and Direct Subsidized and Unsubsidized Stafford Loans in the amount of \$3,500.00 and \$6,000.00 respectively for the award year. The student received a financial aid award letter dated January 2, 2012 with the above referenced Title IV, HEA funds listed. Gupton applied the above funds as warranted for the award year as well as \$102.00 in FSEOG funds on January 22, 2012 which was not on the award letter.

Student #14: The student was enrolled in 16 credits in the fall 2011 semester and 16 credits in the spring 2012 semester; therefore classified as a full-time student in both terms. The student had an EFC of 0, warranting a full-time Federal Pell Grant award of \$5,550.00 and Direct Subsidized and Unsubsidized Stafford Loans in the amount of \$3,500.00 and \$6,000.00 respectively. The student received a financial aid award letter dated July 19, 2011 with the above referenced Title IV, HEA funds listed. Gupton applied the above funds as well as \$102.00 in FSEOG funds on January 22, 2012 which was not on the award letter.

Required Action: Gupton must submit with its response to this report, policies and procedures that will ensure that Title IV, HEA recipients are informed, prior to disbursement, of all Title IV, HEA aid amounts and award types student or their parents

Third, Gupton misreported Section IV, Line 15, "Administrative Cost Allowance Claimed", as zero. The institution's fiscal records relating to the FSEOG program in the 2010-2011 award year reflect that Gupton claimed \$404.00 in FSEOG administrative cost allowance.

Required Action: Gupton must review and, where necessary, correct the Part IV of the Fiscal Operations Report (FISCOP) portion of its Fiscal Operations Report and Application to Participate (FISAP) for the 2010-2011 and 2011-2012 award years. Gupton must then submit corrected FISAP reports for both award years to the Department's Campus-Based Operations office. A copy of the corrected FISAPs, including any supporting documentation to substantiate the corrections, should be included in Gupton's response to this PRR.

To make changes to an existing FISAP for recent award years, Gupton must report the corrected FISAP information through the Department's eCB system. Changes must be made to the working copy of the FISAP for the applicable award year. At the time of submission the institution will be asked to provide an explanation of why changes are being made. Detailed instructions for submitting FISAP corrections can be obtained by contacting the eCB Call Center at (877) 801-7168.

Additionally, Gupton must review and revise its internal policies and procedures to ensure all FSEOG activity is properly reconciled and properly reported to the Department on the FISAP in the future. A detailed discussion of these policies and procedures must accompany Gupton's response to this report

Finding 12. Failure to Perform FSEOG Match

Citation: Federal regulations state that by entering into a program participation agreement, an institution agrees that it will comply with all statutory provisions of or applicable to Title IV of the HEA, all applicable regulatory provisions prescribed under that statutory authority, and all applicable special arrangements, agreements, and limitations entered into under the authority of statutes applicable to Title IV of the HEA, including the requirement that the institution will use funds it receives under any Title IV, HEA program and any interest or other earnings thereon, solely for the purposes specified in and in accordance with that program.

As a fiduciary responsible for administering Federal funds an institution will also establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Secretary or from students under the Title IV, HEA programs, together with assurances that the institution will provide, upon request and in a timely manner, information relating to the administrative capability and financial responsibility of the institution to the Secretary. 34 C.F.R. § 668.14(b)

Federal regulations state that the Federal share of the FSEOG awards made by an institution may not exceed 75 percent of the amount of FSEOG awards made by that institution.

The Secretary authorizes, for each award year, a Federal share of 100 percent of the FSEOG awarded to students by an institution that:

- (1) Is designated as an eligible institution under—
 - (a) The Developing Hispanic-Serving Institutions Program (34 C.F.R. part 606);
 - (b) The Strengthening Institutions Program, American Indian Tribally Controlled Colleges and Universities Program, or Alaska Native and Native Hawaiian-Serving Institutions Program (34 CFR part 607); or
 - (c) The Strengthening Historically Black Colleges and Universities Program (34 CFR part 608); and
- (2) Requests that increased Federal share as part of its regular FSEOG funding application for that year. 34 C.F.R. § 676.21

To apply for and receive funds from the Department for one or more of the Campus-Based programs, an institution must submit a FISAP for each award year. The information reported on the FISAP must be accurate and verifiable, as it will be used in the funding allocation formula. The institution uses the Fiscal Operations Report portion of the FISAP to report its expenditures under the Campus-Based programs in the previous award year.

2011-2012 Federal Student Aid Handbook, Volume 6, Chapter 1

An institution must ensure there is a nonfederal match of 25 percent of the total FSEOG awards. The nonfederal share of FSEOGs must be made from the school's own resources. These resources may include:

- (1) Institutional scholarships and grants;
- (2) Waivers of tuition or fees;
- (3) The nonfederal portion of state scholarships and grants; and
- (4) Funds from foundations or other charitable organizations.

The nonfederal share requirement is 25 percent of awards to students (unless the school qualifies for a waiver). In the following discussion of these methods, you should note that for a student to meet the definition of an FSEOG recipient, some portion of the grant awarded the student must have come from the FSEOG federal dollars.

All state scholarships and grants, except for the Leveraging Educational Assistance Partnership (LEAP), the Special Leveraging Educational Assistance Partnership (SLEAP) program, and the Grants for Access and Persistence (GAP) awards are eligible funds that may be used to meet the nonfederal share requirement of FSEOGs. However, since the LEAP/ SLEAP and GAP programs are not funded for 2012-2013, the full amount (100 percent) of the State scholarships and grants an FSEOG eligible student received from a State are eligible funds that may be used to meet the FSEOG nonfederal share requirement for 2012-2013. For 2012-2013, the Department will not publish an Electronic Announcement with a chart showing the different percentages of state scholarships and grants that may be used for each state as the nonfederal share of FSEOG awards.

By the time FSEOG funds are disbursed (regardless of when in the award period the disbursements are made), the required match must have been accomplished; that is, the school's own resources must have been disbursed before or at the time the federal dollars are disbursed. However, outside resources (such as state grants, foundation, or other charitable organization funds) can be used to match FSEOGs even if the funds are received at a later date, provided that the school has written information about funds that the non-institutional agency or organization is awarding to the student involved. The written information must be kept on file at the school.

Federal regulations identify three types of nonfederal FSEOG matching. First, there is the *individual recipient basis*, in which the school ensures that the nonfederal match is made to each individual FSEOG recipient together with the federal share in such a way that every student's FSEOG award consists of 75 percent federal funds and 25 percent qualified nonfederal funds. A school using this method calculates and documents on a student-by-student basis what portion of the student's FSEOG award comes from federal funds and what portion comes from nonfederal funds.

Second, there is the *aggregate basis*, in which the school ensures that the sum of all funds awarded to all FSEOG recipients in a given award year consists of 75 percent federal dollars and 25 percent qualified nonfederal funds. A school using this method calculates and documents on an aggregate basis what portion of total federal *and* qualified nonfederal funds awarded to all FSEOG recipients comes from federal funds and what portion comes from nonfederal funds.

For example, if a school awards a total of \$60,000.00 to all FSEOG recipients in an award year, it must ensure that \$45,000.00 comes from federally allocated funds and \$15,000.00 comes from nonfederal funds. The school may meet this requirement by awarding qualified nonfederal funds to FSEOG recipients on a student-specific basis. For example, if the school makes a total of \$60,000.00 in FSEOG awards to a total of 100 students, the entire nonfederal share may be met by awarding a total of \$15,000.00 in nonfederal resources to only five FSEOG recipients. However, each of the 100 FSEOG recipients must receive some FSEOG federal funds.

Third, there is the *Fund-specific basis*, in which the school establishes an FSEOG account for federal program funds and deposits the required 25 percent qualified nonfederal matching share into the fund. The matching funds must be deposited at the same time the federal funds are deposited. Awards to FSEOG recipients are then made from this mixed fund. Schools using the fund-specific method must deposit their institutional match at the time they receive the federal share funds. For the purpose of a Return of Title IV Funds calculation, 100 percent of the funds are considered federal funds when a school uses this method of matching. *2012-2013 Federal Student Aid Handbook, Volume 6, Chapter 1*

Noncompliance: In the 2010-2011 award year, Gupton failed to match the federal capital contribution (FCC) of FSEOG funds with the appropriate level of institutional capital contribution (ICC).

The Department's G5 system reflects that Gupton drew down \$6,597.00 in FSEOG funds for the 2010-2011 award year. A review of Gupton's individual student accounts reflects that, after the deduction of \$404.00 in Administrative Cost Allowance (ACA), \$6,193.00 in FSEOG funds was awarded and disbursed to Title IV, HEA recipients. However, a review of the institution's records does not reflect Gupton augmented the 75 percent FCC with the required 25 percent ICC using any of the three accepted methods for making the FSEOG match.

While the institution believes that it performed the FCC match using funds received from the state of Tennessee, a review of Gupton's accounting records does not reflect that state of Tennessee funds were deposited with the FSEOG FCC in order to meet the matching requirement on a *fund specific* basis, nor did Gupton systematically credit student accounts with state of Tennessee funds in amounts equal to the ICC portion of each disbursement when FSEOG FCC was posted—the *individual recipient* form of matching.

Gupton was also unable to establish that it had performed the FSEOG match on an *aggregate* basis, by delivering the ICC portion to a sub-population of students within the greater population of FSEOG recipients.

Rather, in the 2010-2011 award year, Gupton's fiscal records reflect the institution considered the FSEOG FCC of \$6,597.00, minus the \$404.00 ACA, to be the full amount of FSEOG funds to be awarded.

It was also noted during the on-site portion of the program review that there is no indication Gupton has ever applied for or received a waiver of the institutional matching requirement from the Department.

Required Action: Gupton must review each FSEOG award and disbursement made during the 2010-2011, 2011-2012, and 2012-2013 (year to date) award years. For every student who received a disbursement of FSEOG funds in any of the three award years without receiving the appropriate amount of ICC, Gupton must disburse the appropriate amount of ICC to the student's account. For students who do not have an outstanding balance on their accounts or are no longer enrolled at the institution, Gupton must deliver the ICC funds to the student by check or wire transfer.

For each FSEOG recipient, Gupton must provide the following information:

- (1) A spreadsheet that contains, for each FSEOG recipient, the following information—
 - (a) Student's last name, first name;
 - (b) Student's Social Security number (last four digits only);
 - (c) Award year;
 - (d) FCC paid to student in award year, organized by disbursement date, then by amount;
 - (e) Full amount of ICC originally paid to student in award year, as applicable, organized by disbursement date, then by amount;

- (f) Full amount of ICC due to the student, as applicable.
- (g) Date that originally unpaid ICC was posted to account; and
- (h) Date that originally unpaid ICC was paid directly to student.

The spreadsheet should be organized first by award year, then by individual student. The spreadsheets should be compiled in an Excel spreadsheet program and submitted in CD-ROM format;

- (2) A copy of all pertinent student account cards for the award year(s);
- (3) A copy of all pertinent student award letters for the award year(s);
- (4) A copy of all pertinent student need analysis calculations for each award year in question;
- (5) A legible copy, front and back, of each negotiated check used to pay ICC directly to a student, as applicable;
- (6) A legible copy of all documentation related to the payment of ICC directly to a student by wire transfer, as applicable; and
- (7) A legible copy of a receipt signed and dated by the student, for Title IV, HEA credit balances paid in cash.

The FSEOG spreadsheet discussed above should be compiled in an Excel spreadsheet program and submitted in CD-ROM format in the following manner:

Award year	Student's last name, first name	SSN, last four digits	Amount of FCC disbursement	Date of FCC posting	Amount of ICC originally paid
2010-2011	Doe, Jane	****	\$300.00	10/20/2010	\$100.00
" "	" "	" "	\$300.00	02/15/2011	\$100.00
" "	Doe, Jill	****	\$150.00	09/30/2010	\$0
" "	" "	" "	\$150.00	03/01/2011	\$0

(continued)

Date of ICC posting	Amount of ICC due to the student	Date additional ICC posted to student account	Date additional ICC paid directly to student
10/20/2010	\$0	n/a	n/a
02/15/2011	\$0	n/a	n/a
n/a	\$50	04/28/2013	n/a
n/a	\$50	04/28/2013	n/a

Additionally, Gupton must review and revise its internal policies and procedures to ensure that FSEOG funds are properly matched with institutional funds in the future. A detailed discussion of these policies and procedures must accompany Gupton's response to this report.

Finding 13. Inaccurate Disbursement Reporting to Common Origination and Disbursement (COD)

Citation: 34 C.F.R. §690.83 requires institutions to submit a student's payment data, including disbursement dates, to the Secretary by the reporting deadlines published in the Federal Register. Institutions are required to submit Federal Pell Grant and/or Federal Direct Loan disbursement records to the Common Origination and Disbursement (COD) system no later than 30 days after making a disbursement or becoming aware of the need to adjust a student's previously reported disbursement. *COD Technical Reference, 2011-2012,*

Volume II. An institution makes a disbursement of Title IV, HEA program funds on the date that the institution credits a student's account or pays a student or parent directly. 34 C.F.R. §668.164

A school participating in the Direct Loan Program shall ensure that any information it provides to the Secretary in connection with loan origination is complete and accurate. A school shall originate a Direct Loan while the student meets the borrower eligibility requirements of 34 C.F.R. §685.200. A school shall provide to the Secretary borrower information that includes, but is not limited to:

- The borrower's eligibility for a loan, as determined in accordance with 34 C.F.R. §685.200 and §685.203;
- The student's loan amount; and
- The anticipated and actual disbursement date or dates and disbursement amounts of the loan proceeds. 34 C.F.R. §685.301(a)

Noncompliance: Disbursement dates reported to COD by Gupton were inaccurate. Although Gupton scheduled disbursements in advance, no efforts were made to later review the dates to ensure the disbursement dates in COD matched the institution's records; thus, resulting in incorrect reporting information provided to COD and lenders. The following chart illustrates a sample of the differences between dates Title IV, HEA funds were disbursed to student accounts versus disbursement dates reported to COD:

Student	COD Dates	Student Ledger Card	Title IV Program	Amount of Disbursement
#2	05/01/2012	05/08/2012	Federal Pell Grant	\$2,775.00
	05/31/2012	06/03/2012	Subsidized Stafford Loan	\$1,742.00
	05/31/2012	06/03/2012	Unsubsidized Stafford Loan	\$995.00

Student	COD Dates	Student Ledger Card	Title IV Program	Amount of Disbursement
#5	01/10/2012	01/20/2012	Federal Pell Grant	\$2,775.00
	01/27/2012	02/02/2012	Subsidized Stafford Loan	\$871.00
	01/27/2012	02/02/2012	Unsubsidized Stafford Loan	\$1,493.00
	05/01/2012	05/08/2012	Federal Pell Grant	\$2,775.00
	05/02/2012	05/09/2012	Subsidized Stafford Loan	\$871.00
	05/02/2012	05/09/2012	Unsubsidized Stafford Loan	\$1,493.00
	05/31/2012	06/03/2012	Subsidized Stafford Loan	\$871.00
	05/31/2012	06/03/2012	Unsubsidized Stafford Loan	\$1,493.00
#6	09/08/2011	09/15/2011	Federal Pell Grant	\$950.00
	09/23/2011	10/06/2011	Subsidized Stafford Loan	\$871.00
	09/23/2011	10/06/2011	Unsubsidized Stafford Loan	\$498.00
	10/10/2011	10/14/2011	Subsidized Stafford Loan	\$871.00
	10/10/2011	10/14/2011	Unsubsidized Stafford Loan	\$498.00
	01/10/2012	01/20/2012	Federal Pell Grant	\$950.00
	01/12/2012	01/21/2012	Subsidized Stafford Loan	\$871.00
	01/12/2012	01/21/2012	Unsubsidized Stafford Loan	\$498.00
#7	05/06/2011	05/10/2011	Federal Pell Grant	\$2,775.00
	07/06/2011	07/14/2011	Subsidized Stafford Loan	\$647.00
#8	09/14/2011	10/15/2011	Federal Pell Grant	\$2,081.50
	09/12/2011	10/14/2011	Subsidized Stafford Loan	\$871.00
	10/10/2011	10/14/2011	Subsidized Stafford Loan	\$871.00

Student	COD Dates	Student Ledger Card	Title IV Program	Amount of Disbursement
#9	01/12/2012	01/20/2012	Federal Pell Grant	\$2,775.00
	02/03/2012	02/06/2012	Subsidized Stafford Loan	\$871.00
	02/03/2012	02/06/2012	Unsubsidized Stafford Loan	\$498.00
	05/01/2012	05/08/2012	Federal Pell Grant	\$2,775.00
	05/03/2012	05/09/2012	Subsidized Stafford Loan	\$871.00
	05/03/2012	05/09/2012	Unsubsidized Stafford Loan	\$498.00
	05/31/2012	06/03/2012	Subsidized Stafford Loan	\$871.00
	05/31/2012	06/03/2012	Unsubsidized Stafford Loan	\$498.00
#10	09/30/2011	10/06/2011	Subsidized Stafford Loan	\$560.00
	09/30/2011	10/06/2011	Unsubsidized Stafford Loan	\$747.00
	10/10/2011	10/14/2011	Subsidized Stafford Loan	\$561.00
	10/10/2011	10/14/2011	Unsubsidized Stafford Loan	\$747.00

Required Action: Gupton must revise COD reporting procedures to ensure the institution accurately reports to COD the date the institution disburses Title IV, HEA funds to each student's account. A copy of these procedures must accompany Gupton's response to this report. As accurate reporting to the Department is a considered a vital component of administrative capability, Gupton is encouraged to comprehensively review its policies and procedures related to all reports provided to the Department or its agents to ensure compliance in all areas.

Finding 14: Failure to Utilize Accurate Direct Loan Payment Periods

Citation: Federal regulations state the period of enrollment is the period for which a Federal Direct Subsidized, Federal Direct Unsubsidized, or Federal Direct PLUS Loan is intended. The period of enrollment must coincide with one or more bona fide academic terms established by the school for which institutional charges are generally assessed (e.g., an academic year; or the length of the program of the student in weeks of instructional time). The period of enrollment is also referred to as the loan period. 34 C.F.R. § 685.102(b)

Noncompliance: Gupton processes all loans under the Borrower Based Academic Year (BBAY) definition; however, systemically, Gupton is not utilizing actual academic year dates for each student when certifying loan periods through COD and NSLDS for the 2011-2012 award year. The following two student examples are provided as discussion of the issues in relation to Gupton's defined academic year calendar and the Direct Loan period used for origination purposes.

Student #6: A review of the student's 2011-2012 award year records indicates Gupton certified Direct Subsidized Stafford and Unsubsidized Stafford loans for a period of 08/24/2011 to 04/25/2012. According to Gupton's academic calendar, however, the loan period should have been 08/24/2011 to 04/13/2012. This student is also cited in Findings 4, 13, and 18.

Student #8: A review of the student's 2011-2012 award year records indicates Gupton certified Direct Subsidized Stafford and Unsubsidized Stafford loans for a period of 08/24/2011 to 04/25/2012. According to Gupton's academic calendar, however, the loan period should have been 08/24/2011 to 04/13/2012. This student is also cited in Findings 1, 3, 5, 7, 13, and 18.

Required Action: As cited above, the period of enrollment (loan period) for which the Federal Direct Loan is intended must coincide with the academic terms established by the institution. Gupton must ensure a student's loan period matches the enrollment dates at the school. Gupton must devise and implement policy and procedures that will ensure Federal Direct Loans are correctly certified in the future. A copy of the policy and procedures should accompany Gupton's response to this report.

Finding 15. Inadequate Monitoring of Title IV, HEA Credit Balances

Citation: Federal regulations require that, to begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that it is capable of adequately administering the program. To establish this administrative capability, an institution must, among other factors, maintain written procedures for or written information indicating the responsibilities of the various offices within the institution's organization with respect to the approval, disbursement and delivery of Title IV, HEA program assistance and the preparation and submission of reports to the Secretary. 34 C.F.R. § 668.16(b)(4)

Notwithstanding any State law (such as a law that allows funds to escheat to the State), an institution must return to the Secretary, lender, or guaranty agency, any Title IV, HEA program funds, except FWS program funds, that it attempts to disburse directly to a student or parent but the student or parent does not receive or negotiate those funds. For FWS program funds, the institution is required to return only the Federal portion of the payroll disbursement.

If an institution attempts to disburse the funds by check and the check is not cashed, the institution must return the funds no later than 240 days after the date it issued that check. If a check is returned to the institution, or an EFT is rejected, the institution may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the funds were returned or rejected. In cases where the institution does not make another attempt, the funds must be returned before the end of this 45-day period. In cases where the institution makes further attempts, the institution must cease any additional disbursement attempts and return the funds no later than 240 days after the date it issued the check. 34 C.F.R. § 668.164(h)

Noncompliance: Gupton failed to devise and implement comprehensive written procedures concerning its oversight of Title IV, HEA credit balances.

Specifically, Gupton has not developed and implemented procedures for routinely reviewing its Title IV, HEA sub-ledgers to identify and return all un-negotiated Title IV, HEA credit balance checks to the Department no later than 240 days after the date it issued the check.

Although Gupton has not routinely monitored its credit balance checks, a review of its Title IV, HEA ledgers performed during the on-site portion of the program review did not identifying any un-negotiated Title IV, HEA credit balance checks.

Required Action: Gupton must develop and implement written policies and procedures that ensure its un-negotiated check account is monitored routinely to identify all Title IV, HEA credit balances and return them to the Department within the appropriate timeframes. A detailed discussion of these policies and procedures must accompany Gupton's response to this report.

Finding 16. Improper Authorization to Hold Title IV, HEA Credit Balances

Citation: Federal regulations state that an institution is permitted to hold credit balances if it obtains a voluntary authorization from the student (or parent, in the case of PLUS). In obtaining the student's or parent's authorization, an institution (1) may not require or coerce the student or parent to provide that authorization; (2) must allow the student or parent to cancel or modify that authorization at any time; and (3) must clearly explain how it will carry out that activity.

A school may include two or more of the items that require authorization in one statement. However, each component and term in the authorization must be conspicuous to the reader, and a student (or parent borrower) must be informed that he or she may refuse to authorize any individual item on the statement.

If a student or parent cancels an authorization to hold Title IV, HEA funds, the institution must pay those funds directly to the student or parent as soon as possible but no later than 14 days after the institution receives that notice. 34 C.F.R. § 668.165(b)

Noncompliance: In two respects, Gupton's authorization to hold Title IV, HEA credit balance funds is incomplete.

First, Gupton's authorization to hold Title IV, HEA credit balances does not clearly explain how it will carry out the activity of cancelling or modifying an authorization.

Second, Gupton's authorization does not reflect that Gupton is obligated by federal regulations to pay any remaining balance on Direct Loan funds by the end of the loan period for which the funds were awarded, and any remaining other Title IV, HEA funds by the end of the last payment period in the award year for which funds were awarded.

Although Gupton states that it does not require students to sign the Title IV, HEA credit balance holding authorization, it was noted during interviews with Gupton's financial aid director on 08/29/2012 that, in her recollection, no students have failed to sign the authorization. To demonstrate Gupton's collection practice of the credit balance authorization, the director indicated it is customary for Gupton to give the students the authorization to sign during the institution's orientation program and collect the form back during the orientation program.

Required Action: Gupton must revise all applicable authorizations to include the two items noted above. A copy of the revised authorization to hold Title IV, HEA credit balances must accompany Gupton's response to the PRR.

Finding 17. Failure to Identify Federal Funds

Citation: Federal regulations state that an institution must maintain Title IV, HEA program funds in a bank or investment account that is federally insured or secured by collateral of value reasonably equivalent to the amount of those funds. For each bank or investment account that includes Title IV, HEA funds, an institution must clearly identify that Title IV, HEA program funds are maintained in that account by either-

- (1) Including in the name of each account the phrase "Federal Funds", or
- (2) Notifying the bank or investment company of the accounts that contain Title IV, HEA program funds and retaining a record of that notice and, except for a public institution, filing with the appropriate State or municipal government entity a UCC-1 statement disclosing that the account contains Federal funds and maintaining a copy of that statement. 34 C.F.R. § 668.163(a)

Noncompliance: The name of the bank account Gupton uses for drawdowns of Title IV, HEA funds from the Department's G5 system did not include the exact phrase "Federal

Funds” in the account name. Additionally, Gupton was unable to establish that it maintains with its bank a notice identifying the funds in the Direct Loan account as “Federal Funds.”

During the program review, Gupton contacted its bank—(b)(4)—to correct the error. On 08/30/2012 the program review team received a signed and dated notice from Gupton’s bank indicating the name of the federal account had been changed to “Federal Funds Financial Aid Account.”

Required Action: As Gupton addressed the issue while reviewers were on site, no further action is required.

Finding 18. NSLDS Reporting Incorrect/Untimely

Citation: Federal regulations state that a school shall—

- (1) Upon receipt of a student status confirmation report from the Secretary, complete and return that report to the Secretary within 30 days of receipt; and
- (2) Unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Unsubsidized, or PLUS Loan has been made to or on behalf of a student who —
 - (a) Enrolled at that school but has ceased to be enrolled on at least a half-time basis;
 - (b) Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or
 - (c) Has changed his or her permanent address.
- (3) The Secretary provides student status confirmation reports to a school at least semi-annually.
- (4) The Secretary may provide the student status confirmation report in either paper or electronic format. 34 C.F.R. §§ 682.610; 685.309

The Secretary provides student status confirmation reports to a school at least semi-annually. At scheduled times during the year, not less than semiannually, NSLDS sends Roster files electronically to the institution (or its designated servicer) through its SAIG mailbox. The file includes all of the institution’s students who are identified in NDS as Stafford (Direct and FFEI) borrowers (or the beneficiaries of a PLUS loan). The file is not necessarily connected to loans made at the institution—the institution must also report information for students who received some or all of their FSA loans at other schools but are currently attending the reporting institution.

The institution (or servicer) must certify the information and return the Roster file within 30 days of receiving it. The institution may also go to www.nslsdfap.ed.gov and update information for students online. The institution is required to report changes in the student’s enrollment status, the effective date of the status and an anticipated completion date. Changes in enrollment to less than half time, graduated, or withdrawn must be

reported within 30 days. However, if a Roster file is expected within 60 days, the institution may provide the data on that roster file. *2011-2012 Federal Student Aid Handbook*.

Student enrollment information is extremely important, because it is used to determine if the student is still considered in school, must be moved into repayment, or is eligible for an in-school deferment. For students moving into repayment, the out of school status effective date determines when the grace period begins and how soon a student must begin repaying loan funds. *2011-2012 Federal Student Aid Handbook, Volume 2, Chapter 3*.

Noncompliance: For the January 24, 2012 and March 30, 2012 reporting, Gupton systemically submitted the enrollment status reports outside the 60 day required reporting timeframe. In addition, Gupton failed to report correct enrollment status information for six individual students.

Student #5: The student began coursework at Gupton in the spring 2012 semester in pursuit of their Associate of Science degree. In the initial reporting, Gupton indicated the student's enrollment status as a half-time student effective March 22, 2012; however, the student began at Gupton on January 4, 2012. This student is also cited in Finding 13

Student #6: Based on the student's academic transcript, the student began coursework at Gupton in fall 2011 as a full-time student. During the spring 2012 semester, the student began attendance as full-time but withdrew from one course on March 21, 2012, causing their enrollment status to be changed to half-time. However, in looking at the reporting information provided to NSLDS on March 30, 2012, Gupton indicated the student's enrollment status as "half-time" as of February 28, 2011 and "withdrawn" as of April 13, 2012. This student is also cited in Findings 4, 13, and 14.

Student #7: Based on the student's academic transcript, the student began coursework at Gupton during the summer 2011 semester but withdrew during the semester. However, a review of the NSLDS reporting done on September 28, 2011, indicates the student's status, effective July 6, 2011 as "withdrawn"; Gupton did not establish the student as "enrolled" for the initial enrollment reporting for the student and provided no updates to the NSLDS report after January 24, 2012.

Student #8: Based on the student's academic transcript, the student began coursework at Gupton during the fall 2008 semester as a full-time student. The student transitioned to a half-time student during the spring 2009 semester for a short period but regained full-time status again for the fall 2009 semester. However, a review of the information provided to NSLDS on October 2, 2009 and December 1, 2009 reflects Gupton classified the student as half-time. A review of the total NSLDS history for this student indicates the last enrollment reporting by Gupton was submitted on March 21, 2011, even though the student was enrolled and received Title IV, HEA funds for fall 2011. This student is also cited in Findings 1, 3, 5, 7, 13, and 14.

Student #9: The student began coursework at Gupton in the spring 2012 semester in pursuit of their Associate of Science degree. In the initial reporting, Gupton indicated the student's enrollment as a half-time student effective March 5, 2012; however, the student began at Gupton on January 4, 2012.

Student #21: Based on the student's academic transcript, the student began coursework at Gupton in summer 2012 as a part-time student. However, in looking at the initial reporting information provided to NSLDS on July 3, 2012, Gupton indicated the student's enrollment status as "full-time".

Required Action: Gupton must review the enrollment status of all students who were enrolled at the institution in the 2010-2011 and 2011-2012 award years and verify the listed enrollment status is current. In the event the information is incorrect, Gupton must update the enrollment status to bring it current. Gupton is also required to review its procedures for reporting enrollment status changes to NSLDS and, as necessary, revise them. A discussion of the results of Gupton's review of its 2010-2011 and 2011-2012 enrollment status reporting and its NSLDS reporting procedures should accompany its response to this report.

Finding 19. Failure to Report Third Party Servicer

Citation: An institution that participates in a Title IV, HEA program shall notify the Secretary within 10 days of the date that the institution enters into a new contract or significantly modifies an existing contract with a third-party servicer to administer any aspect of that program. 34 C.F.R. § 668.25(e)

Noncompliance: In one instance, Gupton failed to notify the Department of changes or corrections to information relating to the institution within the time period required for such notifications.

Gupton currently employs a third party servicer—Wright International Student Services (WISS) of Shawnee Mission, Kansas—to perform default management activities related to the institution's participation in the Direct Loan programs. Gupton has employed WISS since at least June 1997. However, as of 08/30/2012, the last day of the program review, Gupton had failed to notify the Department of the institution's contract with WISS.

Required Action: Gupton must submit its third part servicer to the Department. The update must be submitted using the Department's electronic application located on the Application for Approval to Participate in the Federal Student Financial Aid Programs website at www.eligcert.ed.gov. An acknowledgement that the notification has been submitted should accompany Gupton's response to this report.

Finding 20. Failure to Develop Written Policies and Procedures

Citation: Federal regulations require that, to begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that it is capable of adequately administering the program. To establish this administrative capability, an institution must, among other factors, maintain written procedures for or written information indicating the responsibilities of the various offices within the institution's organization with respect to the approval, disbursement and delivery of Title IV, HEA program assistance and the preparation and submission of reports to the Secretary. 34 C.F.R. § 668.16(b)(4)

Noncompliance: Although Gupton has begun to compile a comprehensive policies and procedures manual which provides detailed instructions on how to perform daily operations, many of the procedures are outdated and do not encompass all Title IV, HEA regulations, including the Program Integrity regulations. The financial aid director indicated many policies had not been updated since March 2011.

Required Action: Gupton must develop written procedures for its administration of all Title IV, HEA programs. As part of the PRR, many findings required updated policies; however, Gupton must also review and as necessary revise its policies and procedures to ensure compliance for the following regulatory areas:

- Ensuring an adequate number of qualified person(s) to administer the Title IV, HEA Programs;
- Application procedures for establishing, re-establishing, maintaining, or expanding institutional eligibility and for certification and updating application information;
- Ensuring adequate checks and balances (separation of duties and internal controls);
- Financial aid awarding and packaging methodology for each Title IV, HEA program, including FSEOG, including awards amounts;
- Direct Loan Certification (including proration for periods less than an academic year);
- Fiscal reports and financial statements – including monthly and annual reconciliation procedures;
- General financial aid counseling procedures;
- Importing, review, and locking of ISIR records (including review of subsequent ISIR's received);
- Immigration status documentation requirements;
- Professional judgment and dependency override;
- Title IV, HEA disbursement and refund of student credit balances;
- IPEDS and other regulatory reporting;
- Consortium Agreements;
- Entrance/Exit loan counseling; and
- Record retention

A copy of these procedures must accompany Gupton's response to this program review report. In addition, Gupton must provide assurance that policies and procedures will be maintained in the future. Gupton is reminded that the development and proper implementation of written policies and procedures is one indication of an institution's administrative capability to oversee the Title IV, HEA programs.

Finding 21. Consumer Information Requirements Not Met

Citation: As outlined in 34 C.F.R. § 668.41, an institution must, on an annual basis, provide direct individual notice to each currently enrolled student about various consumer information items. Such notices may be provided to each student via the U.S. Postal Service, direct mail, or directly to student e-mail addresses. This notice must summarize the information required to be disclosed, provide an electronic Web address where the information can be found, inform a student that he or she is entitled to a paper copy of the information, and inform the student how to request a paper copy. In addition, the notice must be sufficiently detailed to allow students to understand the nature of the disclosures and make an informed decision whether to request the full reports.

These disclosures include information on financial assistance available to students, as described in 34 C.F.R. § 668.42, and information about the school, as described in 34 C.F.R. § 668.43. Consumer information disclosures also require the release of information regarding the institution's completion or graduation rate, under 34 C.F.R. § 668.45.

Other consumer information disclosures are required by the Higher Education Opportunity Act (Public Law 110-315) (HEOA), reauthorizing the Higher Education Act of 1965, as amended (the HEA). The provisions of the HEOA were effective upon enactment, August 14, 2008, unless otherwise noted in law.

Noncompliance: Gupton failed to provide, or make readily available, consumer information to the campus community and the public in the following seven categories:

- 1) Disclosure of Financial Assistance Selection Criteria
- 2) Information disclosed to students/parents of Title IV HEA loan data submitted to NSLDS and accessible to authorized agencies
- 3) Right to Know Act Data Disaggregated Based on HEOA Guidance
- 4) Notice of Federal Student Financial Aid Penalties for Drug Law Violations
- 5) Drug and Alcohol Abuse Prevention Program
- 6) Copyright Infringement Policies and Sanctions, Including Computer Use and File Sharing
- 7) Student Body Diversity

Specific requirements related to each missing disclosure are cited below by topic:

Disclosure of Financial Assistance Selection Criteria

All institutions participating in Title IV, HEA student financial aid programs must publish and make readily available to current and prospective students a description of all Title IV, HEA funds available to students who enroll at that institution, including both need-based and non-need based programs. For each program, the information provided by the institution must describe the procedures and forms by which students apply for assistance, student eligibility requirements, and the criteria for selecting recipients from the group of eligible applicants, and the criteria for determining the amount of a student's award. 34 C.F.R. §668.42(a)

Information Disclosed to Students/Parents of Title IV, HEA Loan Data Submitted to NSLDS and Accessible to Authorized Agencies

All institutions participating in Title IV, HEA student financial aid programs who enter into an agreement with a potential student, student, or parent of student regarding a Title IV, HEA loan are required to inform the student or parent that the loan will be submitted to the National Student Loan Data System (NSLDS) and will be accessible by guaranty agencies, lenders, and institutions determined to be authorized users of the data system. HEOA Sec. 489 amended HEA Sec. 485B (d)(4) (20 U. S. C. 1092B)

Right to Know Act Data Disaggregated Based on HEOA Guidance

All institutions participating in Title IV, HEA student financial aid programs must report completion or graduation rate information disaggregated by gender, by each major racial and ethnic subgroup (as defined in IPEDS), by recipients of a Federal Pell Grant, by recipients of a Federal Direct Subsidized Loan who did not receive a Federal Pell Grant, and by recipients of no form of Title IV, HEA funds if the number of students in such group or with such status is sufficient to yield statistically reliable information and reporting will not reveal personally identifiable information about an individual student. 34 C.F.R. §668.45

Notice of Federal Student Financial Aid Penalties for Drug Law Violations

All institutions participating in Title IV, HEA student financial aid programs must provide to each student, upon enrollment, a separate, clear, and conspicuous written notice that advises the student that a conviction for any offense, during a period of enrollment for which the student was receiving Title IV, HEA program funds, under any federal or state law involving the possession or sale of illegal drugs will result in the loss of eligibility for any Title IV, HEA grant, loan, or work-study assistance.

Each institution must provide a notice in a timely manner to each student who has lost eligibility for Title IV, HEA assistance as a result of the penalties under HEA Sec. 484(r)(1). The notice must be a separate, clear, and conspicuous written notification of the loss of eligibility and must advise the student of the ways in which the student can regain eligibility. HEOA Sec. 488(g); amended HEA Sec. 485; Added HEA Sec. 485(k); 34 C.F.R. §668.40

Drug and Alcohol Abuse Prevention Program

Each institution, that receives any federal funds, must annually distribute in writing to each student and each employee, the following information regarding drugs and alcohol:

- standards of conduct that clearly prohibit the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees on the institution's property or as part of any of the institution's activities;
- description of applicable legal sanctions under state, local, and federal law;
- description of health risks;
- description of available counseling, treatment, rehabilitation, or re-entry programs; and
- a clear statement that the institution will impose sanctions for violation of standards of conduct and a description of the sanctions.

HIEOA Sec. 107: amended HEA Sec. 120; new HEA Sec. 120(a)(B)-(C); 34 C.F.R. §86

Copyright Infringement Policies and Sanctions, Including Computer Use and File Sharing

All institutions participating in Title IV, HEA student financial aid programs must annually make available to prospective and enrolled students, through appropriate publications, mailings, or electronic media, the institution's policies and sanctions related to copyright infringement, including

- a statement that explicitly informs students that unauthorized distribution of copyrighted material, including unauthorized peer-to-peer file sharing, may subject the students to civil and criminal liabilities;
- a summary of the penalties for violation of federal copyright laws; and
- the institution's policies with respect to unauthorized peer-to-peer file sharing, including disciplinary actions taken against students who engage in illegal downloading or unauthorized distribution of copyrighted materials using the institution's information technology system. 34 C.F.R. §668.43(a)(10)(i) through (iii) and (11).

Student Body Diversity

Institutions must make available to current and prospective students information about student body diversity, including the percentage of enrolled full-time students based on gender, race/ethnicity based on self-identification (as collected in the IPEDS enrollment survey), and Federal Pell Grant recipients. HIEOA Sec. 488(a)(1)(E) amended HEA Sec. 485(a)(1) 20 USC 1092(a)(1)

Required Action: Gupton must revise policies and procedures for preparing and disseminating consumer information disclosures in compliance with federal regulations. Additionally, Gupton must immediately make missing information available to students and employees online. Written explanation of the online updates along with a copy of Gupton's revised policies and procedures should accompany its response to this report.

Finding 22. Failure to Accurately Compile Annual Security Report (ASR) Statistics

Citation: The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Department's regulations require institutions to report statistics for the three most recent calendar years concerning the occurrence on campus, in or on non-campus buildings or property, and on public property of the following that are reported to local police agencies or to a campus security authority the following incidents: (i) Criminal homicide, murder, manslaughter, forcible and non-forcible sex offenses, robbery, aggravated assault, burglary, motor vehicle theft, and arson. In addition, the institution is required to disclose the numbers of arrests and referrals for disciplinary action related to violations of Federal or State drug, liquor, and weapons laws as well as report, by category of prejudice, the following crimes reported to local police agencies or to a campus security authority that manifest evidence that the victim was intentionally selected because of the victim's actual or perceived race, gender, religion, sexual orientation, ethnicity, or disability. 34 C.F.R. §668.46(c)(1)

In addition, an institution must report, by category of prejudice, the following crimes reported to local police agencies or to a campus security authority that manifest evidence that the victim was intentionally selected because of the victim's actual or perceived race, gender, religion, sexual orientation, ethnicity, or disability, any crime it reports pursuant to 34 C.F.R. § 668.46 (c)(1)(i) through (vii). The following categories are to be included under hate crimes; larceny-theft, simple assault, intimidation, destruction/damage/vandalism of property and any other crime involving bodily injury. 34 C.F.R. § 668.46(c)(3)

Noncompliance: Although Gupton did compile its statistics yearly, there were discrepancies in the information reported to the Department in comparison with the statistics made public to its students and employees. For example, for the 2009 calendar year, Gupton reported no Clery-reportable offenses had occurred to the Department; however, a review of the school's logs and other supplemental information indicates an assault occurred in the campus apartments in August 2009. It should be noted the offense was not documented in either the school's published statistics which are made available to students and staff but was included in the school's back-up documentation.

Additionally, during the 2010 calendar year, it appears there were some discrepancies between the data Gupton reported to the Department and the reporting information made available to the public. For example, Gupton reported to the Department one robbery and one burglary occurred on campus property during 2010 with one additional burglary occurring in the student housing facilities. However, a review of the school's published statistical data in comparison to the data reported to the Department shows Gupton failed to include the burglary which occurred in student housing. A further look shows Gupton indicates in its report made public that one student was referred for disciplinary action for possessing an illegal weapon; this data was not provided to the Department during the ASR update.

Required Action: Gupton is required to re-examine and revise its crime statistics. Gupton must provide copies of any revised Clery documentation as part of its response to this finding. After the statistical revisions are performed, Gupton must re-distribute the revised campus security report to all students and employees. Additionally, Gupton must review its policies and procedures for preparing its campus security report to ensure that crime statistics are properly classified and disclosed on all subsequent campus security reports.

Based on an evaluation of all available information, including Gupton's response, the Department will determine if additional action will be required and will advise Gupton accordingly in the FPRD.

Finding 23. Failure to Comply with Required Drug and Alcohol Abuse Education and Prevention Program Requirements

Citation: The Drug-Free Schools and Communities Act and Part 86 of the Department's General Administrative Regulations requires each participating institution of higher education (IHE) to certify that it has developed and implemented a drug and alcohol abuse education and prevention program. The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.

On an annual basis, the IHE must distribute written information about its drug and alcohol abuse prevention program (DAAPP) to all students, faculty, and staff. The distribution plan must make provisions for providing the material to students who enroll at a date after the initial distribution, and for employees who are hired at different times throughout the year. The information must include:

- 6) A written statement about its standards of conduct that prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees;
- 7) A written description of legal sanctions imposed under Federal, state and local laws for unlawful possession or distribution of illicit drugs and alcohol;
- 8) A description of the health risks associated with the use of illicit drugs and the abuse of alcohol;
- 9) A description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to students and employees; and,
- 10) A statement that the IHE will impose disciplinary sanctions on students and employees for violations of the institution's codes of conduct and a description of such sanctions.

In addition, each IHE must conduct a biennial review in order to measure the effectiveness of its drug prevention program, and to ensure consistent treatment in its enforcement of its disciplinary sanctions. The IHE must prepare a report of findings and maintain its biennial review report and supporting materials and make them available to the Department and interested parties upon request. 34 C.F.R. §§ 86.3 and 86.100

Noncompliance: Gupton was unable to produce documentation that it distributed its drug and alcohol abuse prevention program (DAAPP) disclosure to all employees and all students enrolled for academic credit. Moreover, Gupton's DAAPP distribution policy includes no provision for providing the disclosure to students who enroll at points in the academic year other than the period when the DAAPP disclosure is normally disseminated or for intermittent or casual employees who are not on the payroll at the time of the standard annual distribution. In addition, Gupton's DAAPP does not contain the following required components:

1. Gupton's standards of conduct prohibiting the possession, use and distribution of alcohol by students and employees;
2. A written description of legal sanctions imposed under local, State, or Federal law for unlawful possession or distribution of illicit drug and alcohol; and,
3. A description of the health risks associated with the use of illicit drugs and the abuse of alcohol.

In addition, Gupton failed to conduct a Biennial Review (BR) of the effectiveness of its DAAPP and of the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct. Moreover, Gupton failed to prepare a BR report of findings. In fact, Gupton was unable to produce documentation showing that it has ever conducted a BR since its initial approval to participate in the FSA programs on September 24, 2002.

Failure to comply with the DFSCA requirements deprives students and employees of important information regarding the educational, disciplinary, health, and legal consequences of illegal drug use and alcohol abuse. Such failures may contribute to increased drug and alcohol abuse on-campus as well as an increase in drug and alcohol-related violent crime.

Required Action: Gupton is required to take all necessary corrective actions to resolve these violations. At a minimum, Gupton must perform the following:

1. Develop and implement a comprehensive DAAPP that includes all of the required elements found in the DFSCA and the Department's Part 86 regulations;
2. Develop procedures for ensuring that the DAAPP program materials are distributed to every student who is currently enrolled for academic credit and all employees. When the new program materials are complete, Gupton must provide a draft copy of its DAAPP and new distribution policy with its response to this program review report. Once the materials are approved by the Department, Gupton must distribute them in accordance with the Part 86 regulations, and provide documentation evidencing the distribution as well as a statement of certification attesting to the fact that the materials were distributed in accordance with the DFSCA;

3. Conduct a biennial review to measure the effectiveness of its DAAPP. Gupton must describe the research methods and data analysis tools that will be used to determine the effectiveness of the program and identify the responsible official(s) and office(s) that conducted the BR. Finally, the BR report must be approved by the institution's chief executive. The biennial review must be completed by June 1, 2013 and be submitted to the Department by June 15, 2013.
4. Gupton must establish policies and procedures ensure that all subsequent BRs are conducted in a timely manner and are fully documented and to take all other necessary action to ensure that this violation does not recur.

As noted above, violations of the DFSCA are very serious and by their nature, cannot be cured. Gupton will be given an opportunity to develop and distribute an accurate and complete DAAPP disclosure and to finally bring its drug and alcohol programs into compliance with the DFSCA as required by its Program Participation Agreement (PPA). However, Gupton is advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose additional corrective or administrative actions.

Based on an evaluation of all available information including Gupton's response, the Department will determine if additional actions will be required and will advise Gupton accordingly in the FPRD.

Final Program Review Determination
PRCN #: 201240728034

Appendix D

Gupton's Response
to the Program Review Report

Narrative Response to Department of Education Program Review

#1) Improper Return of Title IV Funds Calculations: As was stated in the preliminary program review report, Gupton College was under the impression that if a student withdrew from courses resulting in his/her hours dropping below 6 hours of enrollment that the student was not eligible for loans and required an R2T4 calculation. Upon learning that this is inaccurate the Financial Aid Policy and Procedure Manual has been updated to reflect the proper treatment of student's who drop below 6 hours of enrollment. In response to the statement of "Failure to calculate Returns beyond 60% point" (pg 6 of the report)- it is the policy of Gupton College that all Title IV funds are disbursed to the students by the time they reach 50% of the term (with the exception of late funds requests i.e. a student who initially denies her loans but then comes back to accept them later in the term they were offered). Therefore when a student withdraws after completing 60% of the term there would be no possibility of a post-withdrawal disbursement because all funds for the term would have already been issued to the student. However, as recommended by Ms. Kathy Feith, all students who withdraw during the term will be put through the R2T4 calculation process to ensure that they have met the 60% completion mark and to ensure that no PWD was due to the student. The Financial Aid Policy and Procedure Manual has been updated to reflect this requirement.

The required action for this finding stated that Gupton must review all files of Title IV recipients from the 10/11, 11/12, and 12/13 students who have withdrawn and ensure that the R2T4 was performed correctly. The Admissions Office provided the Financial Aid Director a list of every student that has withdrawn from the college in the given years, 61 student's total. Of the students that have withdrawn it was found that 38 of the student's did not have aid from the required terms, 10 students had proper R2T4s completed (all the dates were checked for accuracy), 1 student had no aid due to being on F/A suspension, 6 student's withdrew between terms, and no R2T4 was completed on 6 students based on the fact that they were deemed to be past the 60% completion rate in the given term. The Financial Aid Director went back and completed the R2T4 calculations as directed to do and the result was that no PWD or return of funds was necessary on any of the students in question. Please find these students listed on the requested spread sheet saved on the included CD Rom Titled R2T4 and find the required documentation for each student under the R2T4 tab in the binder. Also, please see the attached Financial Aid Policy and Procedure Manual page 21 section 12 in the Policy and Procedure section of the binder.

#2) Late Return of Title IV Funds: As stated in the preliminary program review report finding number 2 is resolved by completing the required actions for finding number 1. In regards to student number 4 that was cited in the finding, this was an oversight for which the Financial Aid Department deeply regrets. The Financial Aid Department has made sure that as soon as notification is received from the Business Office that funds have been transferred back to the GS system in a return situation, COD is updated immediately so that this will not happen again.

#3) Excess Cash: It is the policy of Gupton College to always credit the individual student's accounts with their Financial Aid Funds within the allotted 3 business days after receiving the funds. In the instance of student #8 listed in the finding, the student had re-enrolled after being out of enrollment. Upon his return the initial review of his transcript reflected a GPA of 2.03 which meets the Gupton requirements for SAP. So, the student was awarded aid and permitted to begin class. Unfortunately it was discovered that the GPA was due to an error in the old registrar system that the college used. The student's funds were already requested by the time that this was discovered. The Financial Aid Department gave the student the opportunity to complete a Financial Aid Appeal since he had never had the opportunity to submit one previously. However, until it was completed and approved, the Business Office refused to credit the student account with the funds. The appeal was approved by the President of the College and the funds were then placed on the student's account. The policy has since been updated, the President of the College was made aware of this instance, and all aid is strictly placed on the student's accounts within the 3 day window.

Please see the attached Financial Aid Policy and Procedure Manual page 23 section 14 in the Policy and Procedure section of the binder.

#4) Verification Incomplete/Incorrect: The preliminary program review report cited several students for which two main errors repeated. These two main errors were first failing to report education credits and secondly not obtaining the IRS Tax Transcript. In response to the failure to report education credits the financial aid office has corrected this issue moving forward by adjusting the Tax Transcript Matrix provided by the DOE and adding in a blank column for which the Financial Aid Administrator will fill in the amounts found on the Tax Transcript to compare with those found on the SAR so that any discrepancies will be obvious and the necessary corrections made on the SAR.

Please see the attached Tax Matrix Example form in the F/A Documentation section of the binder. As for the Tax Return Transcripts it was the understanding of the Financial Aid Office that while it was recommended that schools begin to encourage students to use the IRS Data Retrieval Tool or obtain a Tax Transcript, schools were permitted to use the student's tax forms until July 15th, 2012. The Financial Aid Office followed these dates due to the GEN-12-07 letter that was sent out through IFAP April 16, 2012 by David A. Bergeron, Deputy Assistant Secretary for Policy, Planning, and Innovation. A copy of this letter has been attached as well in the F/A Documentation section of the binder.

The spreadsheet review of all verified students from the 10/11, 11/12, and 12/13 years can be found on the enclosed CD entitled Verification Review.

Student #4: The corrections listed in the finding were made to the student's SAR information according to the 2011-2012 EFC Formula B-Simplified worksheet. The corrections show that the student's EFC should have been a 0 for the award year. Please see the completed form listed as Student #4 in the Verification Paperwork Box. On a side note this student withdrew from school and funds were returned to their source.
Student #6: The corrections listed in the finding were made to the student's SAR information according to the 2011-2012 EFC Formula A-Regular worksheet. The

corrections show that the students EFC should have been adjusted to 3892 for the award year. Please see the completed form listed as Student #6 in the Verification paperwork box. "Student #10: This student was listed as being an Independent Student based on the fact that she answered yes to the legal guardianship question on her FAFSA. The Financial Aid Office contacted the student in question and the student explained that she miss- understood the question and answered yes thinking that she was saying that she has guardianship of a minor child. Therefore, the student should have answered yes to the FAFSA question regarding caring for minor (child). The student has corrected her 11- 12 Verification Worksheet to reflect the child and submitted a letter explaining her misunderstanding of the question and that she provided for the child. It is the understanding that this should resolve the conflicting data and the student is still independent. Please see the attached documentations for Student #10 in the Student Documentation section of the binder.

Student #12: This student was cited for an error in the 11/12 year for which the corrections were made and the adjusted EFC should be 908. The corrections for the 12/13 year were made through FAA Access to CPS Online and there was no change to the student's EFC. Please see the completed form listed as Student# 12, and the copies of the changes and resulting EFC from FAA Access listed as Student #12 In the Box of Verification Paperwork.

Student #17: The finding was that the child support paid was concluded by the auditors to be paid for the student listed in the household. The income information was put through the 11112 EFC Formula A- regular worksheet omitting the \$3600 in child support paid and the EFC result according to the worksheet is now 89. Please see the complete form listed as Student #17 that is attached in the Student Documentation section of the binder.

Student #20: The finding listed in the report is that the student listed 5 in the household on the verification worksheet with 2 in college but had listed only 4 in the house With 1 in college on the FAFSA. It was the understanding of the Financial Aid Office that when a student submits the verification worksheet, the purpose of the worksheet is to validate and make corrections to the FAFSA information which is why the updates were made according to the data provided on the Verification Worksheet. However, the student has been contacted and a letter from the student documenting the accuracy that there were in fact 5 in the household and 2 in college during that time. Please see the copy of the letter with the leading Student #20 that is attached in the Student Documentation section of the binder.

" Student #29: The finding was that the student did submit proper tax documentation and that the \$748 in education credits was not added to the FAFSA information. As was stated above, according to GEN-12-07 the 1040s were acceptable for use. This student's tax forms were submitted in April, 2012. The \$748 in education credits were updated on the FAFSA using FAA Access to CPS online and the EFC number remained 0. Please see the attached listed changes and EFC correction from FAA Access listed as Student #29 in the Student Documentation section of the binder.

Student #30: The signature of the student's parent was missing on the verification worksheet. Upon looking through the student's file it was found that the signed form was in his file. The form is attached and the date which it was faxed to the school is

highlighted. Please find the attached copy of the signed form marked as Student #30 in the Student Documentation section of the binder.

#5) Conflicting Information: This finding is to be resolved by providing the documentation to back up each of the students listed in the report.

Student #8: It was listed that this student went from being a dependent student to being listed as an independent student due to supporting someone other than a spouse or child. This student provided letters that were in his file from himself, his sister, and his sister's doctor explaining that he was the sole provider and caregiver for his sister and her son while she underwent long term treatment for a brain tumor. Additionally, he was flagged in the report due to the fact that he was not selected for verification by the school at the time of his award. The wording of the Policy & Procedure Manual that was in place at the time of the student's FAFSA stated, "Secondly John A. Gupton College has chosen to verify any new student with an Adjusted Gross Income less than \$10,000 reported on their FAFSA". This student was not a new student and therefore the only prompt to do full verification on the student would be if there was a doubt of the validity of his information. Since he completed his FAFSA with the assistance of the Financial Aid Office and additional documentation providing for his sister and her son, there was no reason to doubt his income accuracy. Please see the excerpt from the Policy & Procedure Manual listed as Finding #5 Student #8. Additionally copies of the letters from the student his sister, and her doctor have been included \With the heading Student #8 in the Student Documentation section of the binder.

Student #10: This student was listed as being an Independent Student based on the fact that she answered yes to the legal guardianship question on her FAFSA. The Financial Aid Office contacted the student in question and the student explained that she misunderstood the question and answered yes thinking that the question was asking if she had guardianship of a minor child. Therefore, the student should have answered yes to the FAFSA question regarding caring for minor children. The student has corrected her 11-12 Verification Worksheet to reflect the child and submitted a letter explaining her misunderstanding of the question and that she provided for the child. It is the understanding that this should resolve the conflicting data and the student is still independent. Please see the attached documentations for Student #10 in the Student Documentation section of the binder.

Student #17: The issue with this student is that her step-mother emailed the Financial Aid Director to complain that the student was listed as being dependent upon her father. As was explained to the step-mother the understanding of the Financial Aid Director is that the Verification Worksheets, tax returns, and other collected documentation are the things that the Financial Aid Department must rely upon to determine a dependent student's residency. The student's father completed the verification paperwork and submitted his tax returns willingly to claim his daughter as truly being one of his dependents. During the verification process the student explained that she lived primarily with her father due to his proximity to her high school. As per direction from Ms. Kathy Feith both the student and her father have submitted letters to the college to further document that the student resided with her father prior to moving into the college apartments. Please see the attached letters with the header of Student #17 in the Student

Documentation section of the binder. Additionally please see page 13 of the attached Policy & Procedure Manuel section 7.3 for the updated policy regarding conflicting information in the Policy & Procedure Section of the binder.

#6) Incorrect Calculation of Cost of Attendance: The finding states that all aid is awarded based on the average enrollment time budgets. All students are initially awarded based on full time enrollment and are notified that once the registration period is complete their award may be adjusted based on hours on enrollment at the census date. The budgets have always included calculations for halftime enrollment. The budgets have been updated to show less then halftime enrollment and are attached for review. In working through this finding the Financial Aid Director manually went through each student to determine any terms of less then full time enrollment. In doing this it was backed up that the majority of the students COA budgets had been adjusted in the Sonis system. After an email exchange with Ms. Kathy Feith, the F/A Director was given permission to include screen shots as proof that the budgets had in fact been done correctly in the Sonis system which eliminated the need to place every student who enrolled for less then full time on the spread sheet. These screen shots can be found in the COA section of the binder. There were however a few students who were either from the time prior to the arrival of the current Director, or were mistakenly overlooked that did require budget adjustments. These students are listed on the spread sheet entitled COA Review. Please see the attached 10/11, 11/12, and 12/13 budget sheets in the F/A Documentation Section of the binder and the spread sheet entitled COA Review on the enclosed CD.

#7) Failure to Adequately Monitor and Enforce Satisfactory Academic Progress Standards: In the finding it was stated that the pace was not monitored for students to determine the pace requirement. The Financial Aid Office did in fact review pace of the students according to their transcript information. However, the error was that it was the understanding that only the hours attempted that are counted on the transcript were to be counted toward the pace calculations. At Gupton when a student withdraws the "W" shows on the transcript however the attempted hours do not reflect the hours associated with the withdrawn course therefore pace was not affected as it should have been and the Financial Aid Director did not keep records of looking over pace, only the lists of those students who were put on suspension/warning provided by the Registrar were kept. The policy for SAP has been revised and was submitted to Ms. Kathy Feith for review by email. On 5/1/13 Ms. Feith gave the approval for the revised policy. Please find a hard copy of the policy included in the attached Policy & Procedure Manuel pg 19-21, section 11.11 of the Policy and Procedure section of the binder. Additionally please find the students who did not meet pace in the required spread sheet titled SAP Program Review Info. on the enclosed CD.

Student #2: Had no ineligible disbursements however she should have been placed on the warning/probation periods.

Student #7: Should this student ever decide to re-enroll he will be notified of entering on the warning status.

Student #8: While it is agreed that this student should have been placed on suspension/probation earlier in his time here at Gupton, he was awarded aid in the fall 11 semester based on having an approved appeal in his file. This student had not been previously given the opportunity to appeal his financial aid suspension as he should have been. It is the policy that when a student appeals even if the appeals committee denies the appeal, it can be taken to the President of the College who can override the committee's decision. This was the case for this student as is evidenced by the signature of the college president on the first page of the appeals form. Therefore it is the understanding of the college that the fall 11 term should not be considered ineligible disbursement since the student had a completed and approved appeal for the term. Please find the appeals paperwork with the header of Student #8 in the Student Documentation section of the binder.

Student #18: As stated in the report he should have been notified of the warning term however he did meet the requirements in the following term and so there were no ineligible disbursements.

Student #31: This student's information can be found on the required spread sheet on the CD.

Student #32: It is agreed that this student should have been placed on warning for the fall of 12 and as soon as the Financial Aid Office was made aware of the needed corrections to the pass rate calculations, this student was notified of being on the warning status for fall. At the end of fall 12 the student did not meet the requirements and was placed on probation/suspension and received no further aid. Please see the attached emails with the header of Student #32 in the Student Documentation Section of the binder.

#8) FSEOG Awarding Policy Inadequate: The finding was that the way in which Gupton awarded FSEOG was inadequate. Previously Gupton would typically divide the allotted amount of FSEOG funds for the term between all of the students who were Pell eligible and had complete files by the time the Financial Aid Office was able to award the SEOG for the term. This is with the exception of students who expressed an exceptional need. The policy and procedure manual has been updated to reflect a consistent awarding methodology. Please see the Policy and Procedure Manual, section 3.14 in the Policy and Procedure section of the binder.

After much discussion, John A. Gupton College has made the choice that moving forward the college is going to opt out of taking part in the SEOG program. This is going into effect with the Summer 13 term and will be reflected on the next FISAP report. In a phone conversation with Ms. Kathy Feith and Mr. Roy Chaney on 6/12/13 the Financial Aid Director was advised to state the colleges desire to opt out of the program in this narrative review response. Additionally the Financial Aid Director was informed that Gupton College could make the choice to not use the remaining balance of funds for the current year that is on G5 without repercussion.

Student #32: This student exhibited outstanding need in that he was living in a homeless shelter during beginning of his time at Gupton. This information was given to the Financial Aid Director in confidence and therefore the Director felt that it was in the best

interest of the student to give him additional assistance as he was trying to rebuild his life.

Student #12: This student exhibited exceptional need in that her mother had passed away and she became the sole guardian of her two minor brothers. This is evidenced by her verification paperwork which shows her financial responsibility of her siblings.

Students #9-14: Previously the FSEOG was being awarded on a term by term basis. Due to the timing of these students enrollment they ended up with one disbursement.

Student #31: This student ended up with less than the allowed minimum due to the way in which FSEOG was previously administered.

#9) FSEOG Not Included as Title IV, HEA Funds on Award Letter: With the installment of our campus based system in the Fall of 11 all Financial Aid gets added onto the student Financial Aid Award in the system before it is disbursed to the students. However the policy has been updated to show that moving forward the students will get notification of the award being added to their award letter and how to access the revised award letter via the Sonis system prior to the disbursement of the FSEOG funds. Please see the Policy and Procedure Manual, section 3.14 in the Policy and Procedure section of the binder.

Again this too will be revised once the full procedure for opting out of the SEOG program has been completed.

#10) FISAP Grid Discrepancies: The finding states that Gupton needed to correct the 10-11 and 11-12 FISAP reports based on a discrepancy between the FISAP Grid and the spreadsheet kept by the F/A Office to track the FISAP information. The spreadsheet has been reviewed and corrected based on the information provided by the Business Office in response to finding #12. In finding #12 the school match for the SEOG payments was adjusted therefore further adjustments to the F/A spreadsheet were required. The corrections were updated to the FISAP and submitted online as of August 8th, 2013. Please find attached in the F/A Documentation section of the binder, copies of the corrected sections of the FISAP and the submission confirmation sheets.

#11) Incorrect FISAP Reporting: The finding states that Gupton misrepresented the funds to FSEOG recipients, the non-federal share of FSEOG funds, and the Administrative Cost Allowance. For the first two findings that relate to the funds to the FSEOG recipients and the non federal share of FSEOG: These both are a result of the miss-understanding that Gupton had in relation to how the non-federal share of funds was to be calculated on the students ledger. Gupton has always accounted for the match funds for the FSEOG recipients as coming from the Tennessee State Residency Program. However this was not separated out correctly on the ledgers completed by the Business Office. This has been corrected and a further explanation can be found below in finding

#12. Additionally the corrected amounts have been adjusted on the FISAP reports and the Policy & Procedure Manual has been updated. Please see the attached Policy & Procedure Manual section 16 in the Policy and Procedure section of the binder, and the corrected copies of the FISAP reports in the F/A Documentation section of the binder.

In regards to the Administrative Cost Allowance being miss-represented, this was an error on the part of the Financial Aid Director. The Financial Aid Director had never completed a FISAP report before, only assisted to collect data, and was using the previous FISAP (completed by Atlanta Student Aid) as a guide for proper submission. That being said, the FISAP model being used was completed improperly. The corrections have been submitted on the FISAP and the Policy & Procedures Manual has been updated. Please see the attached Policy & Procedure Manual section 16.3 in the Policy and Procedure section of the binder, and the corrected copies of the FISAP reports in the F/A Documentation section of the binder.

#12) Failure to Perform FSEOG Match: This finding was responded to by (b)(6); (b)(7)(C) Registrar and Business Office Representative

The FSEOG awards were reviewed for award years 2010-2011, 2011-2012 and 2012-2013. For each of these award years, a spreadsheet was compiled that included all FSEOG recipients last name, first name; last four digits of their social security number; the FCC disbursement amount, date of the FCC posting, the ICC originally paid, date of the ICC posting, amount of ICC due to the student, the date the additional ICC posted to the student account and the date the ICC was paid to the student. For each award year, the FSEOG recipients were listed alphabetically by last name then by award date along with a copy of their student ledger from the college's accounting system.

For each award year's spreadsheet, the original award amount was separated into the FCC (75%) and ICC (25%) match and using the original posting date (when possible in the accounting system would allow to go back that far, if not, the current date was used) for those students that received the State of Tennessee Grant money (also known as the Tennessee Tuition Subsidy Grant) during said award year. The same separation of FCC and ICC match is posted on each FSEOG recipients student ledger. For those students who did not receive any State of Tennessee Grant money during the award year, their original ICC amount as is listed as \$0.00 and add the "additional amount and date posted" has been posted to the spreadsheet and student ledger.

For FSEOG recipients that were mailed a check to reimburse them for the FCC (25%) portion of their award, a copy of the front and back of the negotiated check is attached. Mail that was returned to the college as undeliverable was attempted a second time (document copies attached). For checks that have neither been returned nor negotiated as of date report was mailed you will find a copy of the check and the original postmarked envelope.

The college has corrected the FSEOG match requirement through these award years. From this point forward, John A. Gupton College has elected to no longer participate in the FSEOG program.

We feel that we have put forth a good faith effort to respond to finding 12 and all findings in the Program Review response. Please see binder #2 SEOG documentation.

#13) Inaccurate Disbursement Reporting to Common Origination and Disbursement: The finding shows that Gupton did not go back into COD to update the disbursement dates to match what was shown on the students ledger cards. The Financial Aid Director was not aware of the requirement to go back into COD to update the disbursement dates. When the Department of Education Program Reviewers were here at Gupton this was brought to the attention of the Director and effective immediately the adjustment to the disbursement dates in COD was enacted. The Policy and Procedure Manual was updated to initially reflect the 30 day requirement, however an additional update has been made to accommodate the new 15 day requirement recently made public by the Department of Education. Please see the attached Policy and Procedure Manual section 15.1 in the Policy and Procedure section of the binder.

#14) Failure to Utilize Accurate Direct Loan Payment Periods: The Financial Aid Office has always referred to the college calendar in working out the start and end dates for each semester. As for the two students cited in the finding it was perhaps a typo at some point during the transcription of the end date. The Policy and Procedure Manual has been updated to further expand upon the process for creating the dates of the award year based on the start and end dates published for the terms. Please see the attached Policy and Procedure Manual section 9.2 in the Policy and Procedure section of the binder.

#15) Inadequate Monitoring of Title IV, HEA Credit Balances: According to the finding Gupton needed to update the Policy & Procedure Manual to indicate a plan for better monitoring the credit balances. The manual has been updated and the appropriate policies have been written and have already been put into action in collaboration between the Business Office and the Financial Aid Office. Please see the attached Policy and Procedure manual sections 10.5-10.6 in the Policy and Procedure section of the binder.

#16) Improper Authorization to Hold Title IV, HEA Credit Balance: The finding stated that the Credit Balance Authorization that Gupton had previously been using was lacking two main aspects. These two aspects were an explanation of how the student can cancel or modify the authorization and secondly that the college failed to explain that remaining balances for loans and other Title IV funds will be paid out by the end of the loan period and award year. The corrections were made to the authorization form and put in to use immediately. Please see the attached Authorization to Hold a Federal Student Aid Credit Balance Form in the F/A documentation section of the binder.

#17) Failure to Identify Federal Funds: As stated in the preliminary program review report, this finding was corrected by the Business Office while the reviewers were on site and no further action is required.

#18) NSLDS Reporting Incorrect/Untimely: The finding states that the enrollment status of all students is to be reviewed and corrected for all students from the 2010-11 and the 2011-12 award year. This has been completed and the corrections can be found on the attached Enrollment Report. Additionally, after the program reviewers pointed out that reporting the enrollment updates on NSLDS bi-monthly was not satisfactory, the Enrollment Reporting Profile on NSLDS was updated to show that Gupton College will be reporting enrollment to NSLDS at the end of each month. Also, the Financial Aid Office has updated that Policy and Procedure Manual to reflect the new reporting schedule. Please see the attached corrections and Enrollment Reporting Profile in the FIA Documentation section of the binder. Also, see the Policy and Procedure Manual section 17 in the Policy and Procedure section of the binder.

#19) Failure to Report Third Party Servicer: The third party servicer, Wright International Student Services (WISS) was not listed on the colleges participation agreement. This correction has been made through the (b)(6); (b)(7)(C) site. Please see the attached submission acknowledgement in the FIA Documentation section of the binder.

#20) Failure to Develop Written Policies and Procedures: The finding states that while Gupton did have a Policy and Procedure Manual it was in need of being updated. The Policy and Procedure Manual has been fully expanded and updated according to the requirements set out by the Department of Education. The items listed below can be found in the Policy and Procedure Manual in the sections indicated.

- Ensuring an adequate number of qualified person(s) to administer the Title IV, HEA Programs: Section 2.2 & 3.3
- Application procedures for establishing, re-establishing, maintaining, or expanding institutional eligibility and for certification and updating application information: Section 3.1 & 3.2
- Ensuring adequate checks and balances (separation of duties): Section 2.1
- Financial Aid awarding and packaging methodology: Sections 3.11-3.16 & Section 9
- Direct Loan Certification: Section 4
- Fiscal reports and financial statements- reconciliation procedures: Section 3.9
- General financial aid counseling procedures: Section 1.4
- Importing, review, and locking of SIR records: Sections 1.3, 6.1-6.3, and 7.6
- Immigration status documentation requirements: Section 3.10
- Professional judgment and dependency override: Section 7.7
- Title IV, HEA disbursement and refund of student credit balances: Sections 10 & 13
- IPEDS and other regulatory reporting: Sections 16-18
- Consortium Agreements: Section 3.17
- Entrance/Exit loan counseling: Section 5.2
- Record Retention: Sections 2.5 & 3.4

Please see the attached Policy & Procedure Manual in the Policy and Procedure section of the binder.

****The responses for findings 21-23 have been completed by the college librarian, (b)(6); (b)(7)(C), who is in charge of the campus safety reports and the website****

#21) Consumer Information Requirements Not Met: John A Gupton College was cited as failing to be in compliance in providing notification about consumer information in seven specific areas. The College has rewritten its policies and procedures in an effort to notify the campus community with regard to consumer information within these seven areas. Please see the attached Consumer Information Sheet (this is also posted as a link on the college website with links to all the required information www.guptoncollege.edu), the attached Copyright Policy, and the attached Guide to the Drug and Alcohol Abuse Prevention Program

1. Disclosure of Financial Assistance Selection Criteria: The John A Gupton College Student Guide to Financial Aid was revised on 5/20/2013 and published on the John A Gupton College web site (www.guptoncollege.edu) on 5/22/2013:

<http://www.guptoncollege.edu/docs/The%20Financial%20Aid%20Handbook%20Revised.pdf>

The Student Guide to Financial Aid is made available to current and prospective students, to provide basic information about the financial aid programs offered and the procedures involved in applying for and receiving financial aid from John A Gupton College.

Descriptions of all Title IV, HEA funds that are available to students are provided in the updated Student Guide to Financial Aid on pages 6-7. These include grants, loans, and scholarships that are awarded based upon need and determined by the FAFSA.

Descriptions of direct loans to students are also available in the Student Guide on page 8. These include Stafford loans that are both subsidized and unsubsidized.

In addition to descriptions of the Title IV, HEA funds available to students, the Student Guide to Financial Aid provides details about student rights and responsibilities on

3. The list provides basic requirements concerning maintenance of eligibility, the promissory note, and entrance and exit counseling.

Details about the financial aid application process are provided in the Student Guide to Financial Aid on page 4. Information on eligibility for loans as well as the verification process is listed on pages 5-6.

Details about the necessary forms to complete are listed on page 6 of the Student Guide to Financial Aid. These forms include Financial Aid Office worksheets, W-2 forms and Income Tax Returns.

2. Information disclosed to students/parents of Title IV REA loan data submitted to NSLDS: The Student Guide to Financial Aid makes public the fact that all students and

their parents who wish to use loans through the Stafford Direct Loan Program are required by the US Department of Education to have such loan information submitted to the National Student Loan Data System (NSLDS). See page 8 of the John A. Gupton College Student Guide to Financial Aid. This information will be accessible by the guaranty agencies, lenders and other authorized users of the data system.

3. Right to Know Act Data Disaggregated Based on HEOA Guidance: The following consumer information is provided in compliance with the Higher Education Opportunity Act (HEOA) of 2008. The graduation and transfer-out rates are provided for all first time, full time students who first enrolled at John A. Gupton College during the fall 2009 semester. John A. Gupton College only offers one major; Funeral Service. The graduation rate for students enrolling at this institution as first time, full time students during the fall 2009 semester and graduating by the August 2011 is 48% and the transfer out rate is 24%. The graduation rate consists of the following percentages in listed areas: Gender 44% male and 56% female; Ethnicity 75% White and 25% Black; Title IV, HEA fund recipients 19% Pell Grant only, 25% Federal Direct Student Loans only, 50% received both Pell Grant and Federal Direct Student Loans and 1% received no Title IV, HEA funding.

4. Notice of Federal Student Aid Penalties for Drug Law Violations: John A Gupton College distributes to all faculty, staff, and students information about the drug free communities requirements in compliance with the provisions of the Drug Free Workplace Act of 1988 and the Drug Free Schools and Communities Act Amendments of 1989. See Student Guide to Financial Aid, pages 13-14 and The Student Handbook page 28.

In addition, it is the policy of John A Gupton College to prohibit the abuse of any controlled substance including illegal stimulants, depressants, narcotics, and hallucinogenic drugs. See Student Guide to Financial Aid, page 15-16. It is also the policy of Gupton College to enforce disciplinary actions toward any student in violation of these Acts and to inform them that there are both legal and institutional sanctions for drug violations. See Student Guide to Financial Aid, page 16-17 and Student Handbook page 27 and 28.

It is the policy of John A Gupton College to notify each student in writing from the Financial Aid office when and if that student has lost eligibility for Title IV, HEA assistance as a result of penalties under HEA Sec. 484(r)(1). The notice will list the steps the student needs to take to regain eligibility. See Student Guide to Financial Aid page 13-14.

5. Drug and Alcohol Abuse Prevention Program: John A. Gupton College regularly publishes to student, faculty, and staff written information prohibiting the unlawful possession, use, or distribution of illicit drugs and alcohol on its property. This information can be found in the Student Handbook on page 28. Disciplinary Sanctions are addressed on page 27 of the Student Handbook. It is also available on the Consumer Information button on the College web site (www.guptoncollege.edu).

A description of health risks, available counseling, treatment, rehabilitation, or re-entry programs and statement of sanctions is provided under the Consumer Information button on the Gupton web site (www.guptoncollege.edu)

6. Copyright Infringement Policies and Sanctions, Including Computer Use and File Sharing: John A Gupton College publishes a copyright compliance policy and makes copyright infringement information available to each member of the College community. The copyright policy is published in student, faculty and staff handbooks and is also available on its Consumer information button on the John A Gupton College website (www.guptoncollege.edu). In addition, the College notifies currently enrolled students of the availability of information about copyright infringement and the Copyright Policy is available in the Library. Please see the attached Copyright Policy in the Policy and Procedure section of the binder.

7. Student Body Diversity: John A Gupton College makes available to current and prospective students information concerning student body diversity. This information is accessed on the Consumer Information button found on the John A. Gupton College website (www.guptoncollege.edu). Student body diversity includes the percentage of enrolled full-time students based upon gender, race/ethnicity as collected through the IPEDA enrollment survey and the Federal Pell Grant recipients. The information is disseminated by updating the Consumer Information button. After being updated, students are notified by mail or email.

John A Gupton College
Consumer Information
Fall Enrollment 2012-13

Student Body Diversity As Collected by IPEDS Enrollment Survey and Federal Grant Recipients

RACE/ETHNICITY	TOTAL	MALE	FEMALE	%BY GENDER	%BY ETHNICITY
NONRESIDENT ALIEN					
BLACK /AFRICAN AMERICAN	10	4	6	40%M-60%F	14.93%
AMERICAN INDIAN	1	1	0	100%M-0%F	1.49%
ASIAN					
HISPANIC/ LATINO					
NATIVE HAWAIIAN /PACIFIC ISLANDER					
WHITE/ CAUCASIAN	56	25	31	45%M-55%F	83.58%

TWO OR MORE RACES					
RACE UNKNOWN					
TOTAL FULL TIME	67	30	37	45%M-55%F	

#22) Failure to Accurately Compile Annual Security Report (ASR) Statistics: In response to discrepancies in compiling the Annual Security Report (ASR) statistics and the audit of John A Gupton College during 8/27/2012 to 8/30/2012, the College re-examined its supporting and back up crime documents in order to accurately revise its statistics. The College is required to report crime incidents to the Tennessee Bureau of Investigation as an agency of the Tennessee Incident Based Reporting System. Crime incident narratives reported to the TBI become a significant part of the supporting data for the Annual Security Report statistics. The discrepancies noted by the audit were due to either a misinterpretation of the crime narratives or a failure to incorporate academic disciplinary actions in compiling the statistical charts. The College also needed to request crime statistics from other agencies that report crimes in the local area.

1. Response to Calendar Year 2009 Noncompliance: The noncompliance for the 2009 calendar year, as noted by the audit, involved not reporting an assault that took place on 8-7-2009. The reason the campus security authority chose not to report this incident was due to the fact that the incident narrative was interpreted as a simple assault rather than an aggravated assault. This interpretation was based upon the definitions for simple and aggravated assault that are published in the FBI's Uniform Crime Reporting Handbook and the National Incident-Based Reporting System (NIBRS). Clery reportable offenses require "aggravated assaults" as stated in the The Handbook for Campus Safety and Security Reporting. According to the Handbook, an aggravated assault is defined as

"an unlawful attack by one person upon another for the purpose of inflicting severe or aggravated bodily injury. This type of assault usually is accompanied by the use of a weapon or by means likely to produce death or great bodily harm." - The Handbook for Campus Safety and Security Reporting, 2011, p.42.

The incident of 8-7-2009 had not been reported because it fell outside the Clery definition of an aggravated assault. The Gupton College campus security authority determined that the incident fell within the definition of a simple assault as defined by the UCR and NIBRS (TIBRS). The definition for simple assault states that it is

"an unlawful physical attack by one person upon another where neither the offender displays a weapon, nor the victim suffers obvious severe or aggravated bodily injury involving apparent broken bones, loss of teeth, possible internal injury, severe laceration, or loss of consciousness." -TIBRS Data Collection: An Instructional Manual for the Implementation of the Tennessee Incident Based Reporting System, 10th ed., 2012, p58

The narrative of 8-7-2009 reads as follows:

TIBRS INCIDENT 09-621921

8-10-2009

At 2:00AM on the morning of Friday, August 14 2009, (student A) assaulted (Student B). An officer was summoned to the scene but no warrants were issued. Because (student A) had not been seen he was told to turn himself into the police.

(Student A) came home after drinking and met neighbor (Student B) outside their apartments. (Student A) assaulted (Student B) striking him in the face and threw his flower pot and folding chair into the parking lot. (Student A) also broke (Student B's) glasses.

The Academic Affairs Committee met on 8-10-2009 at 1:20 PM to determine what to do and it was decided that both men should be placed on academic probation and that (Student A) be required to move out of the student housing.

Group A, simple assault 13B

Group A, Vandalism

Crime against person

Misdemeanor Citation SC 910334, SC 883012

In addition, Clery specifies that the incident of 8-7-2009 could have been reported even if it was correctly classified as a simple assault provided there was evidence of it being a hate crime. But the individuals involved were of the same race and gender. Also, there was no indication of motivation in whole or in part due to a negative bias on the basis of religion, sexual orientation, ethnicity, national origin, or disability.

Although drinking or being drunk may have constituted a violation of the John A Gupton College policy against drinking or being drunk on campus, it is not clear if Student A was referred for disciplinary action on the basis of violating that policy. Moreover, even if Student A had been referred for disciplinary action on the basis of violating Gupton's policy, Clery specifies that if there was no law violated for drinking on campus then it should not be reported as a crime statistic. In this case there was no law violated for drinking due to the age of the student involved.

For these reasons, the campus security authority determined not to report this particular incident in the Annual Security Report (ASR).

2. Response to Calendar Year 2010 Noncompliance: There were a few discrepancies in the statistics reported by John A Gupton College for year 2010. The records indicate that a robbery and a burglary occurred on the campus in 2010 and both were reported as statistics. However, the burglary took place in student housing and the Campus Security Authority failed to report the same statistic in Crimes by Location.

A careful search was conducted with the Registrar to locate one of the alleged discrepancies. This discrepancy involved one student who "was referred for disciplinary action for possessing an illegal weapon." The search yielded the fact that there were only two referrals for disciplinary action in 2010. The dates for these incidents were 3/11/2010 and 3/16/2010. But neither of these incidents involved an illegal weapon or a weapon law violation.

3. Response to Required Action: A number of steps were taken following the audit of August of 2012 to both revise its statistics and publish this information to the campus community. The statistical charts were updated based upon the supporting back up reports. The updated charts replaced the erroneous charts in the John A Gupton College Security Report. After the Security Report had been updated, it was published on the John A Gupton College web site (www.guptoncollege.edu) replacing the old erroneous copy. After this was done, new copies of the John A Gupton College Security Report were printed and made available for distribution for the incoming students for the Fall Semester of 2012. Finally, the new statistics served to assist in preparing the Campus Safety and Security data that was completed and locked on September 26, 2012.

Among the steps taken to ensure compliance with Clery were the addition of the following:

1. Improved policies and procedures to be observed by the Campus Security Authority in distributing campus security information.
2. The inclusion of hate crime categories that had been missing on the statistical charts of the Security Report during the time of the audit.
3. Combining the crime and fire logs into one document
4. The addition to security reporting policy the procedures to check with other crime reporting agencies affecting the campus of John A. Gupton College

The Campus Security Authority had been advised since the audit of August 2012 to make an annual effort to contact other crime reporting authorities appropriate to the jurisdiction of the College in compliance with Clery. Therefore, Metro Nashville Police Department was contacted soon after the audit to collect statistics for 2011. A formal request for crime statistics reported by the Metro Nashville Police Department in 2011 was made on September 24, 2012:

Monday September 24, 2012

Metro Nashville Police Department Attn.: Jessica
Olsen
The Criminal Justice Center
200 James Robertson Parkway
Nashville, TN 37201

Dear Ms. Jessica Olsen:

John A Gupton College is required by the U.S. Department of Education and the Clery Act to request crime statistics for its buildings and campus.

Please see the attached form 720 requesting crime statistics for John A Gupton College campus located at 1616 Church Street. We are also requesting crime statistics for our student housing located at 1609 State Street. Please include public property Church Street Alley at the 1600 block which runs between Church Street and State Street. We are not seeking statistics pertaining to private homes or businesses.

We are requesting *VCR* statistics for the following crime categories for 2012:

1. Criminal homicide both murder / non-negligent manslaughter and negligent manslaughter
2. Sex offenses both forcible non-forcible
3. Robbery
4. Aggravated assault
5. Burglary
6. Motor vehicle theft
7. Arson
8. Hate crimes involving bodily injury
9. Liquor law violations
10. Drug violations
11. . Weapons law violations

John A Gupton College not aware that there were crimes reported in these locations in 2012 but a report is required by October 1 with the US Department of Education and we are trying to make sure nothing is overlooked.

Thank you for your assistance

Sincerely,

William P Bruce, Librarian

In a message from Jessica Olson on 9/22/2012, Metro reported that there had been an incident of forcible sodomy in the vicinity of Church and State Street in 2011. This statistic was added to the Gupton Security chart and republished in the Security Report.

A request for additional information was made for the exact location and the reply was that "it was at the 1616 Church Street location." See mail dated 9/26/2012 at 7:31 AM.

The statistic of "Forcible Sex Offenses" was added to the crime statistics chart for 2011.

The revised John A Gupton College Security Report with the new crime statistics charts are located on the John A Gupton College website (www.guptoncollege.edu). The report is found on the first page of the John A Gupton College website by clicking the button entitled "Security Report and Crime Log:"
<http://www.guptoncollege.edu/docs/securityreport.pdf>

The corrected and updated crime statistics charts are shown on pages 4 and 5 of the Gupton College Security Report and below:

CRIME STATISTICS

The following statistics were compiled from reports of events that have occurred on campus from

January 1st-December 31st each year:

Crimes by Category

JOHN A GUPTON COLLEGE ANNUAL CRIME & FIRE REPORT						
ON CAMPUS CRIME STATISTICS	2007	2008	2009	2010	2011	2012
1. Criminal Homicide	0	0	0	0	0	0
Murder and Non-Negligent Manslaughter	0	0	0	0	0	0
Negligent Manslaughter	0	0	0	0	0	0
2. Sex Offenses	0	0	0	0	0	0
Forcible Sex Offenses	0	0	0	0	1	0
Non-Forcible Sex Offenses	0	0	0	0	0	0
3. Robbery	0	0	0	1	0	0
4. Aggravated Assault	0	0	0	0	0	0
5. Burglary	0	0	0	1	0	0
6. Motor Vehicle Theft	0	0	0	0	0	0
7. Arson	0	0	0	0	0	0
8. Hate Crimes Involving Bodily Injury	0	0	0	0	0	0
9. Liquor Law Arrests	0	0	0	0	0	0
Liquor Law Violations Referred for Disciplinary Action	0	0	0	0	0	0
10. Drug Law Violations	0	0	0	0	0	0
Drug Law Violations Referred For Disciplinary Action	0	0	0	0	0	0
11. Illegal Weapons Violation Arrests	0	0	0	0	0	0
Illegal Weapons Violations Referred For Disciplinary Action	0	0	0	1	0	0

ON CAMPUS FIRE STATISTICS	2007	2008	2009	2010	2011	2012
Fire Injuries	0	0	0	0	0	0
Fire Deaths	0	0	0	0	0	0
Fire Damaged Property Value	0	0	0	0	0	0

Crimes by Location

	2010	2011	2012
In or on non-campus	0	0	0
Building or property	0	0	0
On public property	0	0	0
On campus	1	1	0
In campus residential facilities	1	0	0

#23) Failure to Comply with Required Drug and Alcohol Abuse Education and Prevention Program Requirements: John A Gupton College has implemented a Drug and Alcohol Abuse Education and Prevention Program which is esigned to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus at its events and activities. Information about the Drug and Alcohol Abuse Education and Prevention Program is distributed to all incoming students and staff at least annually from a Guide which is found on the Consumer Information button of the Gupton website.¹ Students and staff who are not present during annual distribution are required to receive information about the program when they enroll or are hired at the College. A biennial review of the Drug and Alcohol Abuse Education and Prevention Program is conducted under the oversight of Student Development Services. The purpose of the review is to measure program effectiveness. In addition, the review serves to reveal how consistently the College enforces its disciplinary sanctions for violations of its legal, moral, and ethical standards. The findings are compiled in a report which is available to the Department of Education and other interested persons upon request.

1. Information about standards of conduct that prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees is distributed. It is the policy of John A Gupton College to prohibit the illegal use, abuse, manufacture, possession, sale or distribution of alcoholic beverages or any controlled substances, including stimulants, depressants, narcotics, hallucinogenic drugs or substances or marijuana on College owned, controlled or temporarily leased property. Such use, sale or distribution is also prohibited during any College related activity including off-campus trips. See Guide to the Drug and Alcohol Abuse Prevention Program, page 1 located on the Gupton Website and distributed annually to students and employees.
2. A written description of legal sanctions imposed under Federal, state and local laws for the unlawful possession or distribution of illicit drugs and alcohol is annually distributed. See Guide to the Drug and Alcohol Abuse Prevention Program page 1 and Student Guide to Financial Aid page 16-17.
3. Included in the Guide to the Drug and Alcohol Abuse Education and Prevention Program is a description of the health risks associated with the use of illicit drugs and the abuse of alcohol. See Guide to DAAAP page 2.
4. The Guide to DAAAP includes a description of drug and alcohol counseling, treatment, or rehabilitation programs that are available to students and employees. See page 3.
5. Finally, there is a statement that Gupton College will impose disciplinary sanctions on students and employees for violations of its code of conduct with regard to drugs and alcohol. Descriptions of these sanctions are listed on page 27 of the Student Handbook and page 17 of the Student Guide to Financial Aid.

John A. Gupton College
OPE ID 00885900
PRCN 2012 4 07 28034

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Student Guide to Financial Aid
John A. Gupton College 1616 Church Street
Nashville, TN 37203
(615) 327-3927

Revised /20/2013

Treatment of Aid Funds When a Student Withdraws (R2T4)

Any student that withdraws from classes that will either drop them below full time enrollment (12 credit hours), or completely withdraw them from the college may be in a status of forfeiting their aid. According to the regulation (34CFR668.22) put out by the Department of Education, anytime a student alters their enrollment status prior to the end of the enrollment period their aid must be recalculated according to Department of Education Standards. In this recalculation, there is the possibility that some or all Title IV funds may have to be returned immediately to their original source. The calculation will be completed using the R2T4 web site provided by the Department of Education. This could result in the student owing tuition to the college out of pocket. Once this calculation has been completed the Office of Financial Aid will contact the student should any bill/refund be required.

Any time a student is considering altering their enrollment status, it is highly advisable that he/she stop by the Office of Financial Aid to discuss the potential impact on their aid before they change their enrollment.

Exit Counseling:

Any time a student becomes enrolled for less than 6 credit hours, and the student has used student loans, Exit Counseling will be required. Exit Counseling collects information about the student's address, employment, and references. Exit Counseling also gives the student valuable information about the repayment process. The student will be contacted by email or U.S. Postal service and will be directed to complete the Exit Counseling on the web at www.mappingyourfuture.org, or complete the paper version provided by the college.

Drug Free Communities Statement

This statement is being distributed to all John A. Gupton College employees, including faculty, staff, and student in compliance with the provisions of the Drug Free Workplace Act of 1988 41(U.S.C. 701, et seq.) and the Drug Free Schools and Communities Act Amendments of 1989(20 U.S.C. 3171, et seq.).

Policy:

It is the policy of Gupton College to prohibit the illegal use, abuse, manufacturing, possession, sale, or distribution of alcoholic beverages, or any controlled substance, including stimulant, depressant, narcotic,

hallucinogenic drug or substance, or marijuana on college owned, controlled, or temporarily leased property. Such use, sale or distribution is also prohibited during any college related activity including off-campus trips. All employees and students are subject to applicable federal, state, and local laws related to this matter. Additionally, any violation of this policy will result in disciplinary actions as set forth in the "Student Conduct" and "Disciplinary Sanctions" sections of the College Handbook.

Legal Sanctions:

Various federal, state and local statutes make it unlawful to manufacture, distribute, dispense, deliver, sell or possess with the intent to manufacture, distribute, dispense, deliver, or sell controlled substances.

The penalty imposed depends upon many factors which include the type and amount of controlled substance involved; the number of prior offenses, if any; whether death or serious bodily injury results from the use of such substance; and whether any crimes were committed in connection with the use of such substance. Possible maximum penalties for a first-time offender include imprisonment for any period of time up to a term of life imprisonment, a fine of up to 4 million dollars, supervised release, or any combination of the above. The sanctions are doubled when the offense involves either of the following:

- 1.) Distribution or possession at or near a school or college campus.
- 2.) Distribution to persons under 21 years of age (repeat offenders may be punished to a greater extent as provided by statutes). Further, a civil penalty of up to \$10,000 may be assessed for simple possession of "Personal use amounts" of certain specified substances under Federal Law.

Under State Law, the offense of possession or casual exchange is punishable as a Class A misdemeanor, if there is an exchange between the minor and an adult at least two years the minor's senior, and the adult knows that the person is a minor, the offense is classified as a felony, as provided in T.C.A. 39-17-417 (21 U.S.C. 001, et seq.).

It is unlawful for any person under the age of 21 to buy, possess, transport, or consume alcoholic beverages, wine or beer. Such offenses are classified as Class A misdemeanors punishable by imprisonment for not more than 11 months and 29 days, or a fine of not more than \$25,000, or both (T.C.A. 1-2-113, 57-5-301). Furthermore, it is an offense to provide alcoholic beverage to any person under the age of 21. Such an offense is classified as a Class A misdemeanor (T.C.A. 39-15- 404). The offense of public intoxication is a Class C misdemeanor and is

punishable by imprisonment of not more than 30 days or a fine of not more than \$50, or both (T.C.A. 39-17-310).

Institutional Sanctions

Gupton College will impose the appropriate sanctions on any employee or student who fails to comply with the terms of this policy.

Employees: As a condition of employment, each employee, including student employees, must abide by the terms of this policy and must notify the institution of any criminal drug status conviction for a violation occurring in a workplace no later than five days after a conviction. A conviction includes a finding of guilty, a plea of nolo contendere, or imposition of a sentence by any state or federal judicial body.

Possible disciplinary sanctions for failure to comply with policy, including failure to notify of conviction may include one or more of the following:

- 1.) Termination
- 2.) Suspension
- 3.) Mandatory participation in and satisfactory completion of a drug/ alcohol abuse program
- 4.) Recommendation for professional counseling
- 5.) Referral for prosecution
- 6.) Letter of warning
- 7.) Probation

Students: Possible disciplinary sanctions for failure to comply with the terms of this policy may include one or more of the following:

- 1.) Expulsion
- 2.) Suspension
- 3.) Mandatory participation in and satisfactory completion of a drug/ alcohol program
- 4.) Referral for prosecution
- 5.) Probation
- 6.) Warning
- 7.) Reprimand

Section 18: IPEDS

18.1 IPEDS Reporting

- IPEDS reports are due each Fall, Winter, and Spring. The majority of the reports are completed each time by the Registrar and the Director of Funeral Service Education.
 - o The Director of Funeral Service Education is the Gatekeeper for the college and the Registrar is the Key Holder for IPEDS.
- The Financial Aid section of the IPEDS report is due with each Winter Report.
 - o The Registrar prints the report and gives it to the Financial Aid Director for completion. The information is gathered from the financial aid records located in the student files and on the Sonis system.
- Once completed, the Registrar is responsible for entering and submitting the information into the IPEDS system.

Section 19: Campus Security Report Procedures

19.1 Request Statistics from Local Law Enforcement Agencies

- After compiling statistics by campus security authorities according to the Clery Act, a good faith effort to obtain statistics from local police must be made as needed or at least annually to be sure that all crime data reported is available for inclusion in the Gupton Crime statistics charts.
- Police shall be contacted early in the year and told that the data is needed by October 1st.
- Letters and forms requesting statistics in UCR form from police must be documented.
- Create new charts based upon both sources of data.

19.2 All Categories of Hate Crime Included

- Report hate crime categories with other crime statistics
- Report by location, and bias based upon the Clery Handbook for Safety and Security Reporting

19.3 Notify Students through Mass Email Distribution

- Publish the Annual Security Report for manual distribution and website by October 1
- Report regular and hate crimes in tabular form
- Include three most recent years

19.4 Maintain Fire Log and Crime Log as One Document

- Record all incidents relevant to either crime or fire in one single log
- Record details of all incidents of possible relevance even if not Clery reportable
- Keep a copy of the Crime/Fire log available in the library for public viewing

Section 20: The Drug and Alcohol Abuse Prevention Program

20.1 Drug and Alcohol Abuse Prevention Program (DAAPP)

- The DAAPP has been assembled by the office of the College Librarian for the purpose of informing the student body of the dangers of drug and alcohol abuse.
- A copy of the DAAPP will be presented and discussed with each incoming class at the mandatory college orientation prior to the start of each term during the Library Orientation time.

20.2 DAAPP Reviews and Distribution

- The DAAPP will be reviewed at least annually by the College Librarian to ensure that the resources provided are up to date and accurate.
 - o As any updates are made the DAAPP on the college website will be updated and the students will be notified of the updates via email.
 - o A biennial review of the effectiveness of the DAAPP will be conducted by the Student Development Services Committee and copies of the report will be given to the Financial Aid Department to maintain compliance with Federal Regulations.
 - o The DAAPP is to be published in the student, staff and faculty handbooks to ensure future distribution.

(b)(6); (b)(7)(C)

n:

Sent: To: Subject:

Penner Bruce [pbruce@guptoncollege.edu] Monday, June 24, 2013 3:26PM

(b)(6); (b)(7)(C)

FW: Important New Gupton Website Information

Attachments: StudentEmailNotification.doc

Rachel,

Here is a forward of the email I sent out with Terri's assistance. It was sent to the widest group of students which numbered about 199 emails.

1616 Church Street
Nashville, Tennessee 37203
Phone (615)327-3927
Fax (615)321-4518
Website www.guptoncollege.edu

Fr pbruce@guptoncollege.edu [mailto:pbruce@guptoncollege.edu]
Sene: Monday, June 24, 2013 3:21 PM
To: pbruce@guptoncollege.edu

Subject: Important New Gupton Website Information

Dear Students, please see the enclosed document. It contains consumer information of critical importance to you that is required by the Department of Education and federal regulations. This information is available on the John A Gupton College website.

No virus found in this message.

Checked by AVG- www.avg.com

Version: 2013.0.2904/ Virus Database: 3199/6434- Release Date: 06/23/13

To All Students

Please note that the Gupton website has been updated with new additions to provide critical information relevant to you. This information is required by the Department of Education and federal regulations.

The John A Gupton College Security Report

This booklet is published in order to inform those attending or employed by Gupton College of the proper procedures that every individual must take in crime prevention and reporting. By reporting crimes accurately and promptly, we are assisting our community members in making informed decisions on personal safety and property protection. The annual disclosure of crime statistics is accomplished by compiling statistics of crimes reported. To access the Gupton College Security Report go to the Security Report button on the first page of the web site or click on this link:
<http://www.guptoncollege.edu/docs/securityreport.pdf>

Student Consumer Information

All institutions offering federal financial aid programs are required to inform enrolled and prospective students, of descriptions of all Title IV, HEA funds available including both need-based and non-need based programs. At John A Gupton College, grants, loans, and scholarships are available and assistance is provided by the Financial Aid Department. To access the Gupton Consumer Information page go to the website and click on the Consumer Information button on click on this link:

<http://www.guptoncollege.edu/docs/Consumer%20Information.pdf>

Student Guide to Financial Aid

The purpose of this guide is to provide the students with the basic information regarding financial aid programs offered at John A. Gupton College. Also, this guide serves to give the students the knowledge of the procedures involved in applying for and receiving financial aid from John A. Gupton College. To access the Gupton Student Guide to Financial Aid go to the Financial Aid page of the Gupton website and click on the button called "Download the Financial Aid Handbook" or click on this link:

<http://www.guptoncollege.edu/docs/The%20Financial%20Aid%20Handbook%20Revised.pdf>

Guide to DAAPP

John A Gupton College conducts a Drug and Alcohol Abuse Prevention Program as required by the Department of Education for students and staff. The Guide to the Drug and Alcohol Abuse Prevention Program provides information about the medical hazards, legal ramifications, and treatment availability. To access the Guide to DAAPP go to the Gupton website and click on the Consumer Information button. Here is the link to the Guide: <http://www.guptoncollege.edu/docs/GUIDE%20TO%20DAAPP.pdf>

Gupton Copyright Policy

John A. Gupton College is committed to compliance with US copyright law and the protection of intellectual property in its classrooms, offices, and library. Members of the John A. Gupton College community are advised that violation or infringement of the U. S. Copyright Act (Title 17, U. S. Code) can result in both criminal and civil liabilities and penalties. To access Gupton College's policy on copyright click on the Library button on

the Gupton website or click here:

http://www.guptoncollege.edu/documents/JAG_CopyrightPolicy6-20-2013.pdf

If you would like to receive a hard copy of any of these documents contact the Library Director, the Financial Aid Director, or any member of the office staff of John A. Gupton College.

JOHN A GUPTON COLLEGE GUIDE TO THE DRUG AND ALCOHOL ABUSE PREVENTION PROGRAM

No student or employee will be allowed on campus or to attend Gupton College while under the influence of any kind of intoxicant or drugs with the exception of those prescribed by a physician. Such action is viewed by the College as grounds for possible student dismissal. Unacceptable student conduct includes the use and/or possession of alcoholic beverages or the unlawful possession of any drug or controlled substance on College-owned or controlled property. The Department of Education requires colleges and other institutions of higher education to conduct a drug and alcohol abuse prevention program for their students and staff as mandated by the Safe and Drug Free Schools and Communities Act. John A Gupton College notifies students annually of the dangers and penalties of drug and alcohol abuse as well as the availability of counseling, treatment, and rehabilitation or re-entry programs.

LEGAL SANCTIONS IMPOSED

John A. Gupton College will abide by local, state and federal sanctions regarding unlawful possession of drugs and the consumption of alcohol.

For information about federal penalties and sanctions for the illegal use of controlled substances, see 21 U. S. C. 841 et. seq. See also, the Drug Enforcement Administration's notice of penalties:

<http://www.justice.gov/d.ca/dmginfo/ftp3.shtml>

For Pell Grants, federal guidelines mandate that students receiving Pell Grants are not permitted to conduct unlawful activities related to controlled substances during the period covered by the grant.

There are federal financial aid penalties for drug violations. Under the Higher Education Opportunity Act, students convicted for illegal drug violations can be denied financial aid in addition to other legal penalties.

If a student has been convicted of possessing or selling illegal drugs, and indicates that on his financial aid application (FAFSA), then the College must determine if his conviction affects his eligibility for aid. Failure to accurately answer the questions on the FAFSA application could subject the student to fines, imprisonment or both.

For possession or the sale of illegal drugs a student loses eligibility for federal financial aid for a period of time determined by law.

For information about state penalties including fines and imprisonment for the illegal use of controlled substances, see T. C. A. 39-17-401 et seq.

Local ordinances provide their own penalties for drug and alcohol violations. The College will take all appropriate action in cooperating with local authorities. See also "Legal Sanctions" page 16 of the Student Guide to Financial Aid

Institutional Sanctions

John A. Gupton College regularly publishes to student, faculty, and staff written information prohibiting the unlawful possession, use, or distribution of illicit drugs and alcohol on its property. This information can be found in the Student Handbook on page 28. Disciplinary Sanctions are addressed on page 27 of the Student Handbook. It is also available on the Consumer Information button on the College web site (www.guptoncollege.edu).

Sanctions imposed by John A. Gupton College are stated on page 17 of the Student Guide to Financial Aid. These sanctions include termination, suspension, and probation for employees and students depending upon the severity of the violation. John A Gupton College will also fully cooperate with federal, state, and local authorities providing assistance that could lead to prosecution. The College reserves the right to issue letters of warning, or reprimand. In some cases, the College will make recommendation for professional counseling or require the offender to participate in a mandatory drug and alcohol abuse program.

Alcohol Health Risks

Heart disease-enlarged heart, congestive heart failure
Ulcers and gastritis

Liver damage -cirrhosis, alcoholic hepatitis

Cancer--of the mouth, esophagus, stomach, liver
During pregnancy--damage to the fetus

Malnutrition

Brain damage-memory loss, hallucinations, psychosis

Death-automobile accidents, suicides, etc.

Drug Abuse Health Risks

Casual use-heart attack, stroke, brain damage or even death During pregnancy-the addiction or death of the baby

Use of needles-infections, hepatitis, AIDS, death

Long'-term use--organ damage, mental illness, malnutrition, death Overdosing-psychosis, convulsions, coma, death

NATIONAL RESOURCES

Students and staff who •are struggling with alcohol or drug abuse problems are encouraged to contact any of these national resources:

Alcohol Anonymous

Al-Anon (888) 425-2666

American Council on Alcoholism (800) 527-5344

National Institute on Drug Abuse Helpline (800) 843-4971 National Institute on Drug

Abuse Hotline (800) 662-4357 National Council on Alcoholism (800) 622-2255

HEALTH CONSEQUENCES OF DRUG AND ALCOHOL ABUSE

The health risks that can result from substance abuse can involve both physical and psychological dependency. Drug users always have the possibility of overdosing. Other dangerous risks include coma, convulsions, psychosis, or even death. When drugs are taken in combination, such as alcohol with barbiturates, the results can be lethal.

Moreover, the strength and purity of illegal drugs are usually unknown. Continued drug usage has the effect of causing the body to become tolerant which means that it will take more of the drug to produce the same effect. After prolonged usage, withdrawal can be painful and can produce dangerous symptoms. Long term drug usage will eventually lead to malnutrition and organ damage. The injection of drugs can also lead to increased risk for AIDS and other diseases. Drug and alcohol abuse is also dangerous to the unborn and can lead to birth defects and problems such as fetal alcohol syndrome.

A description of health risks, available counseling, treatment, rehabilitation, or re-entry programs and statement of sanctions is provided under the Consumer Information button on the Gupton web site (www.guptoncollege.edu)

Appendix E: Estimated Actual Loss Formula Description

The Estimated Actual Loss Formula (EALF) is used for only certain types of findings on ineligible FFEL and Direct Loan liabilities. The EALF estimates (1) the principal amount that has or will default; and (2) the interest and special allowance on the entire ineligible loan amount.

The EALF uses an institution's applicable cohort default rate (CDR) to estimate the amount of defaults from the ineligible principal amount. This is usually the institution's latest published CDR. Draft CDRs are not used unless there is no prior CDR.

Example: Ineligible Principal Loan Amount \$100,000
 Cohort Default Rate 10.0%
 Estimated Default Amount Due \$ 10,000

The EALF calculates interest and special allowance (SA), where applicable, on the entire amount of ineligible loan principal. The number of days used to calculate interest and special allowance is based on average historical data for various time periods for different types of schools.

Period	School Type	One-Year	Two-Year	Four-Year	Rate Types
Disbursement to Repayment		584	774	969	Interest & SA
Repayment to Default		418	498	619	SA
Repayment to Paid In Full		1659	1580	1712	SA

The EALF uses the actual interest rates in effect when the ineligible loans were disbursed and an annualized average of the quarterly special allowance rates in effect. The EALF divides the number of days in each time period so that changes in interest and special allowance rates are considered. The EALF also assumes that the ineligible loans were made in two disbursements after a 30-day delay.

Example for the Disbursement to Repayment Period for a Two-Year Institution (2004-05)

Variable Rate Ineligible Loans: \$40,000 subsidized and \$60,000 unsubsidized
 Interest Rates: 04-05 (2.77), 05-06 (4.70), 06-07 (6.54)
 SA Rates: 04-05 (1.45), 05-06 (1.55), 06-07 (0.53)

Subsidized Loan Amount (Interest and Special Allowance)

$\$40,000/2 \times (451 \times (.0422/365))$
 $+ \$40,000/2 \times (730 \times (.0625/365))$
 $+ \$40,000/2 \times (367 \times (.0707/365)) = \$4,964.61$

Unsubsidized Loan Amount (Special Allowance Only)

$\$60,000/2 \times (451 \times (.0145/365))$
 $+ \$60,000/2 \times (730 \times (.0155/365))$
 $+ \$60,000/2 \times (367 \times (.0053/365)) = \$1,627.36$

NOTE: The number of days of 774 for this time period is doubled to 1548 ($451+730+367$) because the principal amount is divided by two.

Similar calculations are made for the other two periods. The total liability is the sum of the default amount with the interest and special allowance calculations for all three periods.